

***United States Court of Appeals  
for the Second Circuit***



**APPELLANT'S  
APPENDIX**



Bp/s

74-1086

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PAGINATION AS IN ORIGINAL COPY

## DISTRICT OF CONNECTICUT

**v.**

**Defendants.**

)  
)  
)  
)  
)  
)  
) CIVIL ACTION NO. B 715

) NOTICE OF MOTION

)+ Motion to Disqualify

PLEASE TAKE NOTICE that upon the annexed affidavit of Ralph Alswang, sworn to on the 12th day of July, 1973, upon the annexed memorandum of law, and upon all papers and proceedings in this case, the defendants will move this Court, at the United States Courthouse, Bridgeport, Connecticut, on the 4th day of Sept. , 1973, at 10:00 o'clock in the forenoon or as soon thereafter as counsel can be heard, for:

1. An order that Henry M. Bissell, attorney for the plaintiff, be disqualified as attorney for the plaintiff in this case;
2. An order that Henry M. Bissell shall not, at any time, directly or indirectly, or whether as attorney of record or not, represent counsel or advise the plaintiff, William M. Cruse,

1

in connection with subject case;

3. An order directing Henry M. Bissell, be enjoined from making available to the plaintiff or other counsel for the plaintiff, any part of his files which contain information about the subject matter of this case;

4. An order staying all proceedings herein pending final determination of the above motions.

The grounds for the above orders are that Henry M. Bissell has acted as attorney for the defendant, Hydra-Float Stage Systems, Corp., in transactions that have a substantial relationship to the case at bar, and therefore he has a conflict of interest, and that said attorney is a prospective witness in the trial of this action.

RICHARD L. ALBRECHT, as a  
member of the firm of:  
COHEN & WOLF  
955 Main Street  
Bridgeport, Connecticut 06604  
368-0211

Dated: July , 1973.  
Bridgeport, Connecticut

TO:

MR. HENRY M. BISSELL  
6820 La Tijera Blvd.  
Los Angeles, California

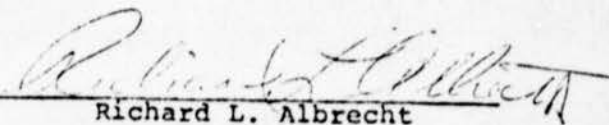
and

MELVIN I. STOLTZ, ESQ.  
Mattern, Ware and Davis  
855 Main Street  
Bridgeport, Connecticut 06603

COHEN AND WOLF  
ATTORNEYS AT LAW  
955 MAIN STREET  
BRIDGEPORT, CONN. 06604

CERTIFICATION

This will certify that a copy of the within Notice of Motion, Affidavit and Memorandum of Law, was mailed, postage prepaid, to all attorneys of record on July 13, 1973.

  
Richard L. Albrecht

UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT

WILLIAM M. CRUSE,

Plaintiff,

vs.

RALPH ALSWANG, HYDRA-FLOAT STAGE  
SYSTEMS CORP., a Connecticut  
Corporation, and THEATER PLANNING  
ASSOCIATES, INC., a Connecticut  
Corporation,

Defendants.

CIVIL ACTION NO. B 175

AFFIDAVIT AND EXHIBITS

RALPH ALSWANG, being first duly sworn, deposes and says:

1. I am a defendant in the above entitled action and a principal officer of the defendants, Hydra-Float Stage Systems, Corp. and Theater Planning Associates, Inc., and submit this affidavit in support of the motion to disqualify Henry M. Bissell, of the law firm of Bissell and Dalgarn, of which Mr. Bissell is a member, from acting as attorneys for the plaintiff, William M. Cruse. The within action, filed on February 16, 1973, seeks monetary damages and injunctive relief for breach of contract, patent infringement, breach of fiduciary obligation and fraud, and requests declaratory relief, an accounting, the appointment of a receiver and a declaration of a constructive trust.

2. In July, 1969, I entered into a partnership agreement with plaintiff to do business as Hydra-Float Stage Systems, for the purpose of developing, promoting and marketing a certain invention, United States Patent Application, Serial No. 790,263, which was subsequently granted as United States Patent 3,558,102.

At about that time, Cruse granted the said partnership an exclusive license to manufacture, use and sell devices incorporating said invention.

3. On August 11, 1969, Cruse conveyed all his right, title and interest in said invention to said partnership. A copy of the Assignment is annexed hereto and made a part hereof as Exhibit 1. It is to be noted therein that the specifications for said patent had been prepared and executed by said Henry M. Bissell.

4. In March of 1970, Hydra-Float Stage Systems, Corp., was formed in Connecticut. On April 2, 1970, the partnership, Hydra-Float Stage Systems acting by its partners, Cruse and Alswang, conveyed to the new corporation, Hydra-Float Stage Systems, Corp., full and exclusive right, title and interest in and to any invention, patents, applications for patents and other assets of said partnership in exchange for the issuance of certain stock of said corporation. See Exhibit 2, annexed hereto and made a part hereof.

5. From the time of the incorporation of Hydra-Float Stage Systems, Corp., in March, 1970 to January, 1973, Henry M. Bissell acted as attorney and counsel for said corporation on matters that are substantially related to the issues in the pending case. Examples of said representation include:

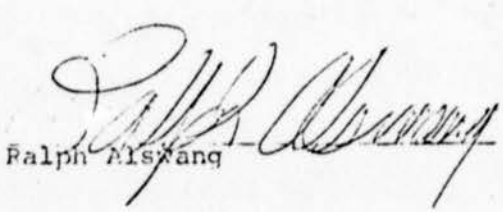
A. Correspondence of May 23, 1970 and June 1, 1970, annexed hereto as Exhibit 3, regarding whether or not the Certificate of Incorporation is broad enough to cover both foreign and United States patents, patent applications, copyrights and trademarks

B. Correspondence of July 17, 1970 and July 20, 1970, annexed hereto and made a part hereof as Exhibit 4, regarding the "Mole-Richardson Agreement", the subject of the Fourth Cause of action as set forth in Paragraph 28 (c), (e), (f) and (i) of plaintiff's complaint.

C. Various bills and letters submitted by Mr. Henry M. Bissell to the Corporation, copies of which are annexed hereto and made a part hereof as Exhibit 5 through 17.

6. On information and belief, Mr. Henry M. Bissell owns an interest in the patents that are the subject of this litigation. Said information and belief is predicated on a letter dated December 18, 1971, a copy of which is annexed hereto, and made a part hereof as Exhibit 18. Mr. Bissell has never made this disclosure. I only learned of same when I received a copy of Exhibit 18, after this action was commenced.

7. I believe Mr. Bissell has a conflict of interest in representing the plaintiff and will, of necessity, be a witness at the trial of this action.

  
Ralph Alswang

Subscribed and sworn to before me this 13th day of July, 1973.

/s/ Richard L. Albrecht  
Richard L. Albrecht  
Commissioner of the Superior Court

## Assignment of Application for Patent

Whereas, William M. Cruse

of 333 N. Norton St. L.A., in the County of Los Angeles  
and the State of California, has invented certain new and useful  
improvements in THEATRE SAT Stage Set Controls  
(Title of Invention)

for which He has made application for  
(He has made—or is about to make.)

Letters Patent of the United States of America:

And Whereas, Hydra-Float Stage Systems

of 1564 Broadway New York City County of New York  
and State of New York, desirous of acquiring an interest therein, and in the  
Letters Patent to be obtained therefor from the United States;

Now Therefore, be it known by all whom it may concern, that for and in considera-  
tion of 3% of the net profits from the use of patent Dollars (\$ No)  
and other valuable consideration to None in hand paid, the receipt of which is hereby  
acknowledged None have assigned, sold, and set over, and by these presents do assign, sell,  
and set over unto the said Hydra-Float Stage Systems

for the territory of the United States of America, and not elsewhere;  
for the territory of the United States of America, and for all foreign countries.  
Full and exclusive right, title, and interest in and to the said invention, as fully set forth and  
described in the specification prepared and executed by Henry Bissell Dec. 1968  
filed Jan 8, 1969, serial No. 790,263, preparatory to  
obtaining Letters Patent therefor; said invention, application and Letters Patent to be held and  
enjoyed by the said Hydra-Float Stage Systems  
for its own use and behoof, and for

to the full end of the term for which said Letters Patent are granted, as fully and entirely as the same  
would have been held by had this assignment and sale not been made.

In Testimony Whereof, hereunto set hand and affix  
seal at State of

this day of A. D. 19

Signed, sealed and delivered in the presence of—

William M. Cruse [Seal]  
(Inventor's full signature)

Ralph A. Adams [Seal]  
(Witness's full signature)

† Neither one of these lines MUST be cancelled.

\* State whether the full and exclusive right, or what part of the whole interest is assigned.

State of N.Y. County of N.Y. ss.:  
Before me personally appeared said WILLIAM M. CRUSE - RALPH ADAMS and  
acknowledged the foregoing instrument to be free act and deed this 11 day of  
August 1969

[Seal]

James P. Paul Glan  
Notary Public

COMMISSIONER OF DEEDS  
NEW YORK COUNTY - NEW YORK  
True Copy June 3, 1971

ASSIGNMENT OF PARTNERSHIP INTEREST IN HYDRA-FLOAT STAGE  
SYSTEMS CORP.

WHEREAS, WILLIAM M. CRUSE and RALPH ALSWANG, are the sole partners in a partnership doing business as HYDRA-FLOAT STAGE SYSTEMS, and;

WHEREAS, said Partners desire to transfer all of the assets, interests in patents, applications for patents to a corporation known as HYDRA-FLOAT STAGE SYSTEMS CORP., a Connecticut corporation.

NOW, THEREFORE, be it known that for the consideration of two thousand five hundred shares of stock in hand paid, the receipt of which is hereby acknowledged, we, WILLIAM M. CRUSE and RALPH ALSWANG, a partnership doing business as HYDRA-FLOAT STAGE SYSTEMS, do hereby assign, sell and set over unto HYDRA-FLOAT STAGE SYSTEMS CORP. full and exclusive right, title and interest in and to any inventions, patents, applications for patents and other assets which said partnership may possess.

IN WITNESS WHEREOF, the Parties hereto have hereunto set their hands and seals this 2 day of April, 1970.

In the Presence of:

William J. Boyd

William J. Boyd

William M. Cruse L.S.  
William M. Cruse

Ralph Alswang L.S.  
Ralph Alswang

E. STOCK & LA CHANCE  
ATTORNEYS AT LAW  
DOCK CORNER BUILDING  
STPORT, CONNECTICUT

EXHIBIT 2


STATE OF CONNECTICUT:

; ss. Westport

, 1970

COUNTY OF FAIRFIELD :

Personally appeared Ralph Alswang, signer and sealer  
of the foregoing instrument, hereby acknowledges the same to be  
his free act and deed, before me.

  
Commissioner of the Superior Court  
Notary Public

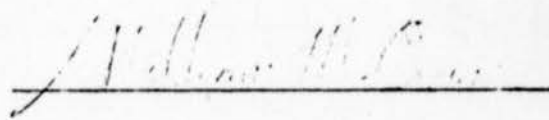
STATE OF

ss.

, 1970

COUNTY OF

Personally appeared, WILLIAM M. CRUSE, signer and sealer  
of the foregoing instrument, hereby acknowledges the same to be  
his free act and deed before me.

  
Commissioner of the Superior Court  
Notary Public

COMMISSIONER OF DEEDS  
Filed in Y. County - No. 3-261  
Term Expires 1/1/71

HYDRO-FLOAT STAGE SYSTEMS,  
CORP.

ASSIGNMENT OF PARTNERSHIP  
INTEREST IN HYDRO-FLOAT  
STAGE SYSTEMS CORP.

LAW OFFICES  
SENIE, STOCK & LACHANCE  
BROOKS CORNER BUILDING  
WESTPORT, CONNECTICUT 06680



HENRY M. BISSELL  
PATENT LAWYER  
SUITE 108  
6820 LATIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
TELEPHONE (213) 776-3122

June 1, 1970

Nicholas M. Thiemann, Esq.  
Senie, Stock & LaChance  
Brooks Corner Building  
Westport, Connecticut 06880

Re: Hydra Float Stage Systems Corp.

Dear Mr. Thiemann:

In response to your letter of May 28, 1970, I have reviewed paragraph 2(b) of the Certificate of Incorporation enclosed therewith and conclude that this paragraph is broad enough to cover foreign as well as United States patents and patent applications, copyrights and trademarks.

If that is the only question, I would not think that an amended Certificate of Incorporation is necessary.

Very truly yours,

*Henry M. Bissell*  
Henry M. Bissell

HMB:erl

EXHIBIT 3a

11

May 28, 1970

Henry M. Bissell, Esquire  
6820 LaTirjera Boulevard  
Los Angeles, California

Re: Hydra-Float Stage Systems Corp.

Dear Mr. Bissell:

I enclose herewith a copy of our Certificate of Incorporation in connection with the above named corporation.

As I am not familiar with patent law, perhaps you can help me with Paragraph 2b of the Certificate in determining whether the language is broad enough to include foreign patents.

If necessary, an Amended Certificate of Incorporation can be filed with the Secretary of State here in Connecticut.

Thank you.

Sincerely,

Nicholas W. Thiemann

NWT:mhl  
Enclosure

EXHIBIT 3b

12

HENRY M. BISSELL  
PATENT LAWYER  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
TELEPHONE (213) 776-3122

July 17, 1970

Mr. William M. Cruse  
Hydra Float Stage Systems, Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

Dear Bill:

Pursuant to our telephone conversation, I mailed the letters to Messrs. Tancredi and Madrigal corresponding to the copy which I had sent you previously. Both of them called me just now, about 15 minutes apart. They want to pay up their 1/3 share and continue their obligation to pay for future charges. No contingent share for me. The major problem is the payoff, which they want to stretch out until the end of the year. I explained my own cash-short position (and it is short!) and said you had promised to pay me off if they didn't. That is where matters stand now. Please advise. I think it will be difficult to cut them back. They have rights to the first patent application and those claims encompass the second, so they don't really need the second except it will extend longer than the first one, assuming it issues. What now?

With respect to the Mole-Richardson agreement, I think there may be some serious problems if it really means what it appears to say. Paragraph 1 talks about assigning all rights to U.S. Patent 790,263 "which has been issued". The patent has not yet issued; only the Notice of Allowance has been forwarded and we still have to pay the Issue Fee. Furthermore, do you really intend to give Mole-Richardson any rights to the U.S. patents? I thought they were only interested in rights outside the United States. Also, as you are aware, Hydra Float itself does not have any proprietary rights to either U.S. patent application, only rights as a Licensee under an exclusive License Agreement. Moreover, if you will read your License Agreement, paragraph 15 prohibits the transfer of rights under the license by the Licensee except in certain specific circumstances which do not apply to the present transaction. Of course, you as Licensor can give written consent, but I trust you have not yet done so.

Paragraph 3 appears to me to provide that Hydra Float will pay for all foreign filing. If Mole-Richardson is going to participate in any benefits from foreign patents, they should

EXHIBIT 4a

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Mr. William M. Cruse  
July 17, 1970  
Page 2

also participate in the expenses, which may be considerable if any large number of countries are selected for filing in.

The obligation set forth for Hydra Float in paragraph 4 may also be considerable, because where litigation develops it has a tendency to expand without any reasonable limit; yet Mole-Richardson has only agreed to participate in such litigation expenses in England.

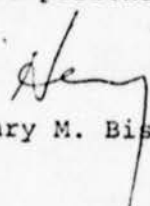
From the language of paragraph 21, I gather that Hydra Float does not get the advance of 5,000 pounds until the first contract is signed. Moreover, the 5,000 pounds is specified to be an advance against royalty payments, which is not as desirable as an outright payment to acquire licensing rights.

Under paragraph 22, I think that we should make some definite modifications to correct some of the problems that I have indicated above. Preferably we should come up with a new agreement which follows the terms of the present agreement in principle but clears up some points that may cause trouble.

It would be well if we could have some real discussion on this subject. There is a possibility I will be in New York the last week of this month. If I make the trip, perhaps we could get together at that time.

- \* Finally, I am enclosing a draft of a letter which I hope reflects the tone that you asked me to express in writing to Mr. Rae. I want you and Mr. Alswang to review this before I send it, so that we don't get our signals crossed as we did once before.

Best personal regards,

  
Henry M. Bissell

HMB:erl

\* Enclosure

HENRY M. BISSELL  
PATENT LAWYER  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
TELEPHONE (213) 776-3122

July 20, 1970

Mr. R.V. Rae  
Manager  
Mole-Richardson (England) Limited  
Stage & Studio Engineering Division  
Brunel Way, Mundford Rd.  
Thetford Norfolk, England

Dear Mr. Rae:

Mr. Ralph Alswang of Hydra Float Systems, Inc. has asked me to write you expressing my opinion with respect to the patent position of Hydra Float Systems, Inc. with respect to patent protection on stage set rigging systems utilizing cable cylinders and fluid control consoles.

Hydra Float Systems, Inc. is the exclusive Licensee under United States Patent Application Serial No. 790,263, THEATER STAGE SET CONTROL SYSTEM, and is entering into a similar exclusive License Agreement under United States Patent Application Serial No. 886,222, STAGE CONTROL SYSTEM. William Cruse is the inventor and applicant in both cases.

A Notice of Allowance has been received in the first application and the patent may be expected to issue in due course following payment of the Issue Fee. The Patent Office search turned up three or four patents, none of which were considered pertinent to the invention claimed in this application. In my opinion, the claims of this application are very broad in their definition of the control system including the cable cylinders.

The second application was filed in December 1969 and no Office Action has been received in this case as yet. The claims are more specific than those in the first case and were drafted with the earlier claims in mind so as to avoid any double patenting problem. Since a search on the subject matter of one case would be expected to turn up prior art covering both cases, if such existed, I do not at this point expect any serious difficulty in prosecuting the second application to allowance and issuance.

An application has been filed in the United Kingdom corresponding to the subject matter of the first application. In my fifteen years of experience in this business, I do not recall ever having encountered any difficulty in obtaining patent

EXHIBIT 4b

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Mr. R.V. Rae  
Mole-Richardson (England) Limited  
July 20, 1970  
Page 2

coverage in the United Kingdom on subject matter which I was able to patent in the United States. On that basis, I do not anticipate any serious difficulty with the present British application.

We are within the Convention period for filing the second application abroad and I understand it is the intention to file a number of foreign applications on the subject matter of the United States cases before the Convention Year expires.

I trust that this has provided what you were looking for in this regard. If anything further is needed, I am at your service.

Very truly yours,

Henry M. Bissell

HMB:erl

cc: Mr. Ralph Alswang ✓

HENRY M. BISSELL  
PATENT LAWYER  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
TELEPHONE (213) 776-3122

Hydra Float Stage Systems, Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

November 30, 1971

Balance Forward from Statement of May 24, 1971:  
Less Payments of 7/24/71 and 10/12/71 in  
the amount of \$1000.00 each payment:

\$ 5140.05

-2000.00

\$ 3140.05

FOR SERVICES RENDERED:

Case No. 106-F-1

British Patent application  
Serial No. 26099/70 corres. to  
U.S. Serial No. 790,263, filed  
January 10, 1969, THEATER STAGE  
SET CONTROL SYSTEM:  
Further work to date including  
correspondence in connection with  
prosecution of British patent  
application, review of Office Action  
and reporting to client.

30.00

Case No. 130-F

Foreign patent applications  
corres. to U.S. Serial No. 886,222,  
filed December 18, 1969 for STAGE  
CONTROL SYSTEM:  
Further work to date including  
correspondence re prosecution of  
foreign applications, letter to  
British Associate re inspection of  
Mole-Richardson system, forwarding  
assignment of British application,  
forwarding Belgium patent, and  
correspondence re publication of  
German application.

60.00

General and miscellaneous work to date  
including phone calls and correspondence  
on foreign license matters, contract  
performance and related matters.

40.00

\$ 3270.05

EXHIBIT 5 17

Hydra Float Stage Systems, Inc.  
November 30, 1971  
Page Two

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Balance Forward:

\$ 3270.05

DISBURSEMENTS:

106-F-1 (Gt. Britain) associate's  
charges re further prosecution in  
connection with assignment of  
application.

\$ 48.00

L.D. Calls

47.15

95.15

\$ 3365.20

*P4*

HENRY M. BISSELL  
PATENT LAWYER  
SUITE 108  
6820 LATIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
TELEPHONE (213) 776-3122

March 2, 1971

Mr. Ralph Alswang  
President  
Hydra Float Stage Systems  
Suite 302  
1564 Broadway  
New York, New York 10036

Re: Hydra Float Stage Systems, Inc.

Dear Ralph:

As you requested in our telephone conversation this afternoon,  
\* I enclose herewith copies of my statements which reflect the  
build-up of the balance of \$5949.86 which has been due since  
January 20, 1971. You will note that the bulk of this amount  
relates to the filing of foreign applications corresponding  
to U.S. Serial No. 886,222.

In reviewing these statements and comparing them with earlier  
ones which I had marked paid, I find that I made a mistake  
in crediting your payment of \$350.00 received September  
29, 1970 twice. Because of the restatement of the October 31,  
1970, bill, this means that the net deficiency in my statement  
is \$76.02. This of course is a mistake with respect to each  
one of the enclosed statement balances, but I have only added  
it to the balance of the latest statement which makes the  
total amount due as of January 20, 1971 to be \$5949.86.

As I understand it, you will be able to send me some small  
part of this amount within a few days and a substantial  
portion of the remainder as soon as you receive the first pay-  
ment from Uris Theater, which I understand is expected within  
a couple of weeks.

You will understand that the bulk of my charges involves  
payments to my foreign associates for services rendered in  
connection with the foreign filing stated on my December 31,  
1970 bill. I have had to pay my associates out of my own  
pocket in order to preserve my credit position with them, and  
I am in very bad shape financially at the present time. I  
shall certainly appreciate every effort which you can make to  
help me out of my present predicament.

Best personal regards,

  
Henry M. Bissell

HMB:erl

\* Enclosures

EXHIBIT 6 19

HENRY M. BISSELL  
 PATENT LAWYER  
 SUITE 108  
 6820 LATIJERA BOULEVARD  
 LOS ANGELES, CALIFORNIA 90045  
 TELEPHONE (213) 776-3122

Hydra Float Stage Systems, Inc.  
 Suite 302  
 1564 Broadway  
 New York, New York 10036

November 10, 1970

Attention: Mr. William Cruso

Restatement of Services and Distributions  
 to August 31, 1970:

Work since July 27, 1970 including arrang-  
 ing assignment search re Tol-O-Matic,  
 review and report; and correspondence  
 and phone calls on general matters.

\$ 80.00

#106-F-1: British patent application  
 corres. to U.S. Serial No. 790,263,  
 filed January 10, 1969, THEATER STAGE  
 SET CONTROL SYSTEM. Further work  
 formalizing filed application per require-  
 ments of British Patent Office.

15.00

Disbursements:

Long Distance Calls	\$15.68	
#106-F-1 Draftman's fees	16.88	
#106-F-1 Associate's charges in connection with retyping spec. and filing	40.80	
Search: Tol-O-Matic	<u>20.00</u>	
		<u>93.36</u>

PAST DUE:

\$188.36

FOR SERVICES RENDERED Since August 31, 1970:

\* Case No. 130-F-1: Arranging for filing  
 of patent application in Germany, corres.  
 to U.S. Serial No. 886,222, filed  
 December 18, 1970, STAGE CONTROL SYSTEM.

540.00

\* Case No. 130-F-2: Arranging for filing  
 of patent application in Great Britain  
 corres. to U.S. Serial No. 886,222,  
 filed December 18, 1970, STAGE CONTROL  
 SYSTEM.

280.00

\* (All related charges are included)

\$1008.36

Hydra Float Stage Systems, Inc.  
November 10, 1970  
Page 2

Balance Forward:

\$1008.36

General work in connection with review of  
Mole-Richardson proposed agreements  
and solicitors' correspondence, reply to  
Mole-Richardson solicitors' letter,  
preparation of foreign patent rights  
assignment, and miscellaneous correspon-  
dence and phone calls.

325.00

\$1333.36

Disbursements:

¶106 - Issue Fee

\$114.00

114.00

\$1447.36

Credit: Advance against Cases 130-F (9/29/70)

-350.00

\$1097.36

HENRY M. BISSELL  
PATENT LAWYER  
SUITE 108  
6820 LA Tijera BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
TELEPHONE (213) 776-3122

Hydra Float Stage Systems Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

December 4, 1970:

Attention: Mr. William Cruse

Balance from Statement of November 10, 1970:	\$1,097.36
Less Payment Received November 25, 1970:	<u>350.00</u>
Balance Past Due:	747.36

FOR SERVICES RENDERED:

Case No. 130-F: Foreign patent applications corres. to U.S. Serial No. 886,222, filed December 10, 1969 for STAGE CONTROL SYSTEM. Initial work in connection with arranging foreign filing in Belgium, Denmark, Finland, Hungary, Norway, Portugal, South Africa and Sweden.	<u>1,000.00</u>
	\$1,747.36

DISBURSEMENTS:

#100-F-1: (Great Britain) - Associate's charges re payment of official stamp fees and reporting recordal, etc.	\$33.60	
#130-F: Drawing charges.	94.48	
Long Distance Calls.	<u>6.60</u>	<u>134.68</u>
		<u>\$1,082.04</u>

Dear Bill,

I hope you and Ralph can do something to help me out with this.

Best regards,

HENRY M. BISSELL  
PATENT LAWYER  
SUITE 108  
6820 LA Tijera BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
TELEPHONE (213) 776-3122

Hydra Float Stage Systems, Inc,  
Suite 302  
1564 Broadway  
New York, New York 10036

January 20, 1971

Attention: Mr. William M. Cruse

Balance from Statement of December 4, 1970	\$1882.04
Less payment received 12/23/70	<u>350.00</u>
Balance Past Due:	\$1532.04

FOR SERVICES RENDERED:

Further work in connection with Mole- Richardson agreement, advising re patent position and the like including correspondence with British attorneys, review of correspondence and draft agreement, conferences and phone calls.	230.00
---	--------

DISBURSEMENTS:

Long Distance Calls	\$15.80	
Legalization	<u>1.00</u>	16.80

Add balance from Statement of 12/31/70 for newly filed foreign applications (my Case 130-F)	<u>4095.00</u>
--	----------------

\$5873.84

Error in crediting payment of 9/29/70:	<u>76.02</u>
--	--------------

Corrected Balance Due:	<u>\$5949.86</u>
------------------------	------------------

This matter is becoming critical. Prompt payment on this  
account is essential.

HENRY M. BISSELL  
PATENT LAWYER  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
TELEPHONE (213) 776-3122

Hydra Float Stage Systems, Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

December 31, 1970

Attention: William M. Cruse

For Services Rendered in connection with preparation  
and filing of foreign patent applications corres-  
ponding to U.S. Serial No. 886,222:

Case No. 130-F-3: Application in Belgium.	\$ 470.00
Case No. 130-F-4: Application in Portugal.	525.00
Case No. 130-F-5: Application in Finland.	460.00
Case No. 130-F-6: Application in Hungary	585.00
Case No. 130-F-7: Application in Norway	540.00
Case No. 130-F-8: Application in South Africa.	315.00
Case No. 130-F-9: Application in Denmark.	520.00
Case No. 130-F-10: Application in Sweden.	<u>680.00</u>
	<u>\$4,095.00</u>

HENRY M. BISSELL  
PATENT LAWYER  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
TELEPHONE (213) 776-3122

Hydra Float Stage Systems, Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

April 20, 1971

Balance Forward From Statement of March 31, 1971: \$ 5824.17

DISBURSEMENTS:

Associates' charges re legal advice  
and counsel in ~~drawing up~~ *Reversing*  
Mole-Richardson Agreement:

Reddie & Grose	\$120.00	
Faithfull Owen & Fraser	<u>84.00</u>	<u>204.00</u>
		<u>\$ 6028.17</u>

EXHIBIT 7 25

HENRY M. BISSELL  
PATENT LAWYER  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
TELEPHONE (213) 776-3122

Hydra Float Stage Systems, Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

May 24, 1971

Balance forward from Statement of April 20, 1971:	\$ 6028.17
Less Payment May 15, 1971:	<u>1000.00</u>
	\$ 5028.17

FOR SERVICES RENDERED:

Hydra Float Stage Systems, Inc. GENERAL:  
Further work since March 31, 1971 to  
date including correspondence with  
British solicitors for Mole-Richardson,  
British attorneys representing Hydra Float,  
and miscellaneous correspondence and  
phone calls. 55.00

Case No. 106-F-1: British patent application 26099/70  
corres. to U.S. Serial No. 790,263,  
filed January 10, 1969: THEATER STAGE SET  
CONTROL SYSTEM:  
Correspondence with British associate in  
arranging assignment of application,  
reporting to client and miscellaneous. 50.00  
\$ 5133.17

DISBURSEMENTS:

Toll Calls *Hold* 6.88  
\$ 5140.05

HENRY M. BISSELL  
LEWIS M. DALGARN  
M. JOHN CARSON

LAW OFFICES  
**BISSELL & DALGARN**  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90048  
(213) 776-3122  
DOWNTOWN OFFICE  
(213) 622-8195

PATENT, TRADEMARK  
AND COPYRIGHT CAUSES

Hydra Float Stage Systems, Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

January 31, 1972

---

Balance Forward From Statement of November 30, 1971:	\$ 3365.20
Less Payment Received February 1, 1972:	<u>-1000.00</u>
	\$ 2365.20

FOR SERVICES RENDERED:

Case No. 130-F

Foreign Patent Applications corres.  
to U.S. Serial No. 886,222, filed  
December 18, 1969 for STAGE CONTROL  
SYSTEM:

Further work since November 30, 1971  
to date including correspondence re  
annuity payments, reporting notice of  
acceptance of application in South  
Africa, review of Office Actions in  
Finland, Norway, Denmark and Hungary,  
and reporting to client, and miscell-  
aneous.

120.00

\$ 2485.20

DISBURSEMENTS:

#130-F-3 (Belgium) 2nd annuity \$11.80

L.D. Calls

14.25

26.05

\$ 2511.25

Paid 3/4/72

- 500.00

BALANCE:

\$ 2011.25

EXHIBIT 9

PLEASE REMIT

27

HENRY M. BISSELL  
LEWIS M. DALGARN  
M. JOHN CARSON

LAW OFFICES  
**BISSELL & DALGARN**  
SUITE 108  
5820 LA Tijera Boulevard  
LOS ANGELES, CALIFORNIA 90045  
(213) 776-3122  
DOWNTOWN OFFICE  
(213) 622-8195

PATENT, TRADEMARK  
AND COPYRIGHT CAUSES

Hydra Float Stage Systems, Inc.  
Suite 102  
1564 Broadway  
New York, New York 10036

May 10, 1972

Balance Forward from Statement of January 31, 1972: \$ 2511.25  
Less: Payment of March 4, 1972: - 500.00  
\$ 2011.25

FOR SERVICES RENDERED:

Case No. 130-F - Foreign Patent  
Applications corres. to U.S.  
Serial No. 886,222, filed December  
18, 1969 for FLUID ACTUATED STAGE  
CONTROL SYSTEM WITH FLUID FLOW READOUT  
SIGNAL:

Further work since January 31, 1972  
including telephone conferences and  
correspondence in connection with  
reporting status of foreign patent  
applications and outstanding Office  
Actions, review of Official Letter in  
Swedish application and reporting to  
client, review of Official Letter in  
Finnish application and correspondence  
re same, preparation of instructions  
to foreign associates in connection  
with abandonment of applications in  
Belgium, Portugal, Finland, Hungary,  
Norway, South Africa, Denmark and Sweden,  
and miscellaneous.

165.00

\$ 2176.25

DISBURSEMENTS:

#130-F-6 (Hungary) Associate's final  
charges re further prosecution.

25.00

Balance Due:

\$ 2201.25

Anticipated charge for  
pending work.

350.00

\$ 2551.25

EXH JIT 10

28

HENRY M. BISSELL  
LEWIS M. DALGARN  
M. JOHN CARSON

LAW OFFICES  
**BISSELL & DALGARN**

SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
(213) 776-3122

DOWNTOWN OFFICE  
(213) 622-8195

PATENT, TRADEMARK  
AND COPYRIGHT CAUSES

July 11, 1972

Mr. Ralph Alswang  
President  
Hydra Float Stage Systems, Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

Re: Case No. 130-F-1  
German Patent Appln. No. P 20 62 248.4  
Corres. to U.S. Serial No. 886,222  
Filed December 18, 1969 for  
STAGE CONTROL SYSTEM  
William M. Cruse

Dear Ralph:

I understand that Bill Cruse is not presently working in New York and I am therefore writing you to report a recent development in connection with the above-referenced German patent application. My German associate has received a letter from the editor of a German periodical called "Review of Stage Technics" which states that a gentleman named Professor Ned A. Bowman of the University of Pittsburgh has forwarded to this editor an English language article concerning the Hydra Float Stage System and asked for publication in the periodical. The editor would like to be able to contact any firm which is representing your company in Europe in order to obtain a German translation.

Please let me know if you would like to have me respond with the name of any firm as requested. I would also be interested in obtaining a copy of the article in question, if you can provide further information about this article.

According to my records, Germany is one of the countries in which you requested that the patent application on the stage system not be abandoned. The patent applications in Sweden, Norway and Finland are going abandoned at intervals to the present time (up to July 15, 1972). In Denmark the deadline is September 11, 1972.

EXHIBIT 11

HMB:erl

Best personal regards,

*Henry M. Bissell*  
Henry M. Bissell

29

11

HENRY M. BISSELL  
LEWIS M. DALGARN  
M. JOHN CARSON

LAW OFFICES  
BISSELL & DALGARN  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
(213) 776-3122  
DOWNTOWN OFFICE  
(213) 622-6195

PATENT, TRADEMARK  
AND COPYRIGHT CAUSES

July 31, 1972

Mr. Ralph Alswang  
President  
Hydra Float Stage Systems, Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

Re: Case No. 130-F  
Foreign patent Applications  
Corres. to U.S. Serial No. 886,222  
Filed: December 18, 1969  
STAGE CONTROL SYSTEM  
Hydra Float Stage Systems, Inc.

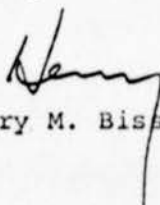
Dear Ralph:

In response to your letter of July 13, 1972, I have looked into the possibility of filing a patent application in Austria corresponding to the above-referenced case.

I regret to have to advise you that it is pointless to file a patent application in Austria at this time. Patents have issued on corresponding applications in Belgium and South Africa, and there has also been a publication of the patent application in Germany. Such patents and publication constitute a statutory bar against obtaining valid patent protection in Austria with respect to the subject matter of the corresponding application. This conclusion is supported by my own research and by the advice of my Austrian associate to whom I referred the question for his opinion.

I am sorry that I am unable to comply with your request for the new application.

Best personal regards,

  
Henry M. Bissell

HMB:erl

EXHIBIT 12

30

12

*Handwritten:* *Good*

HENRY M. BISSELL  
LEWIS M. DALGARN  
M. JOHN CARSON

LAW OFFICES  
**BISSELL & DALGARN**  
SUITE 108  
6620 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
(213) 776-3122  
DOWNTOWN OFFICE  
(213) 622-8195

PATENT, TRADEMARK  
AND COPYRIGHT CAUSES

Hydra Float Stage Systems, Inc.  
Suite 102  
1564 Broadway  
New York, New York 10036  
Attention: Mr. Ralph Alswang

September 15, 1972

FOR SERVICES RENDERED:

Case No. 106-F - Foreign Patent Applications  
Corres. to U.S. Serial No. 790,263,  
Filed January 10, 1969 - THEATER STAGE  
SET CONTROL SYSTEM:

Further work since November 30, 1971  
to date including review of Official Letter  
in British application, preparation of  
instructions for amendment of application in  
response to Official Letter and miscellaneous  
correspondence and phone calls.

\$ 205.00

Case No. 130-F - Foreign Patent Applications  
Corres. to U.S. Serial No. 886,222,  
Filed December 18, 1969 - FLUID ACTUATED  
STAGE CONTROL SYSTEM WITH FLUID FLOW  
READOUT SIGNAL:

Further work since May 10, 1972 to date  
including review of Official Letter and  
references cited in connection with  
British application, preparation of amend-  
ment in response to Official Letter and  
reporting to client; review of file and  
correspondence in connection with application  
in Hungary; investigation re possible  
Austrian application and correspondence related  
to same; correspondence in connection with  
German application and reporting to client;  
and miscellaneous.

410.00

\$ 615.00

DISBURSEMENTS:

130-F - Foreign associates' charges  
re prosecution of applications.

\$122.45

L.D. Telephone calls.

3.90

126.35

\$ 741.35

EXHIBIT 13

31

*Handwritten:* *Pg*

*J. B. D.*  
HENRY M. BISSELL  
LEWIS M. DALGARN  
M. JOHN CARSON

LAW OFFICES  
BISSELL & DALGARN  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
(213) 776-3122  
DOWNTOWN OFFICE  
(213) 622-6195

PATENT, TRADEMARK  
AND COPYRIGHT CAUSES

November 8, 1972

*check sent 12-11-72*

*TPJ*  
Mr. Ralph Alswang  
President  
Hydra Float Stage Systems  
1564 Broadway, Suite 302  
New York, New York 10036

Dear Ralph:

This is to notify you of the fees coming due on the foreign patents/applications as indicated below:

Case:

130-F-1  
German Patent Application  
Corres. to U.S. Serial No. 886,222, Filed December 18, 1969  
STAGE CONTROL SYSTEM

<u>Country</u>	<u>Year</u>	<u>Appln/Pat. No.</u>	<u>Date Due</u>	<u>Amount</u>
Germany	3rd	P 20 62248.4	12/17/72	\$29.30

*PA*

You may signify your instructions by checking the appropriate blank and returning the enclosed copy of this letter.

Very truly yours,

*Henry M. Bissell*  
Henry M. Bissell

HMB:erl

\* Enclosure

cc: Mr. William M. Cruse

EXHIBIT 14

32

HENRY M. BISSELL  
LEWIS M. DALGARN  
M. JOHN CARSON

LAW OFFICES  
**BISSELL & DALGARN**  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
(213) 776-3122  
DOWNTOWN OFFICE  
(213) 622-8195

PATENT, TRADEMARK  
AND COPYRIGHT CAUSES

November 8, 1972

Mr. Ralph Alswang  
President  
Hydra Float Stage Systems  
1564 Broadway, Suite 302  
New York, New York 10036

Dear Ralph:

This is to notify you of the fees coming due on the foreign  
patents/applications as indicated below:

Case:

130-F-1  
German Patent Application  
Corres. to U.S. Serial No. 886,222, Filed December 18, 1969  
STAGE CONTROL SYSTEM

<u>Country</u>	<u>Year</u>	<u>Appln/Pat. No.</u>	<u>Date Due</u>	<u>Amount</u>
Germany	3rd	P 20 62248.4	12/17/72	\$29.30

You may signify your instructions by checking the appropriate  
\* blank and returning the enclosed copy of this letter.

Very truly yours,

HMB:erl

Henry M. Bissell

\* Enclosure

cc: Mr. William M. Cruse

Pay \_\_\_\_\_ Do Not Pay \_\_\_\_\_  
the Above annuity.

HENRY M. BISSELL  
LEWIS M. DALGARN  
M. JOHN CARSON

LAW OFFICES  
**BISSELL & DALGARN**  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
(213) 776-3122  
DOWNTOWN OFFICE  
(213) 622-8195

PATENT, TRADEMARK  
AND COPYRIGHT CAUSES

December 6, 1972

Mr. Ralph Alswang  
President  
Hydra Float Stage Systems, Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

Re: Case No. 106-F-1  
British Patent Application No. 26099/70  
Corres. to U.S. Serial No. 790,263  
THEATER STAGE SET CONTROL SYSTEM

Dear Ralph:

Pursuant to our instructions, our British associate has filed an amendment of the above-identified British Patent Application in order to respond to the outstanding Office Action. This response also included a refiling of the application with certain corrections thereon. A \*copy of the application as refiled is enclosed herewith for your file.

Principally, the amendment of the claims constituted an addition of a statement to specify that the item of scenery is moved along a substantially horizontal surface. Under the circumstances, this is entirely appropriate in order to distinguish the claims of this case from our companion application in the 130-F series. Also, claim 13 has been added to recite the apparatus of the invention in combination with a stage.

Our associate had delayed preparing this response in the hope that Mole Richardson would grant their request to inspect a working embodiment of your apparatus. However, they never received a reply from Mole Richardson and finally decided to proceed without the benefit of such inspection. There are still a few objections to meet in the previous Office Action, but this amendment should take care of the principal ones.

I will keep you advised of further developments. Meanwhile, I am enclosing our fee statement for services and charges rendered to date.

Very truly yours,

cc: Mr. William Cruse  
HMB:cm

34

Henry M. Bissell

EXHIBIT 15

HENRY M. BISSELL  
LEWIS M. DALGARN  
M. JOHN CARSON

LAW OFFICES  
**BISSELL & DALGARN**  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
(213) 776-3122  
DOWNTOWN OFFICE  
(213) 622-8195

PATENT, TRADEMARK  
AND COPYRIGHT CAUSES

Hydra Float Stage Systems, Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

December 6, 1972

Attention: Mr. Ralph Alswang  
President

---

FOR SERVICES RENDERED:

Case No. 106-F - Foreign Patent Applica-  
tions corres. to U.S. Serial No.  
790,263, filed January 10, 1969  
THEATER STAGE SET CONTROL SYSTEM:  
Further work since September 15, 1972  
in prosecution of British Application  
including review of Amended claims,  
correspondence with associate, and  
reporting to client.

\$ 30.00

Case No. 130-F - Foreign Patent Applica-  
tions corres. to U.S. Serial No.  
886,222, filed December 18, 1969 -  
FLUID ACTUATED STAGE CONTROL  
SYSTEM WITH FLUID FLOW READOUT  
SIGNAL:  
Further work since September 15, 1972  
to date including correspondence with  
associates and clients re prosecution  
of applications in Great Britain and  
Hungary, and arranging for the abandon-  
ment of cases in Belgium and Portugal,  
and miscellaneous.

70.00

General -  
Further work since November 30, 1971  
to date including review of records  
and correspondence reporting to  
auditors.

25.00

\$ 125.00

Continued...

EXHIBIT 16

35

16-

Hydra Float Stage Systems, Inc.  
December 6, 1972  
Page Two

---

Balance Forward

\$ 125.00

DISBURSEMENTS:

106-F-1 (Gt. Britain) Associate's charges re further prosecution.	\$ 85.00	
130-F-1 (Germany) 3rd annuity.	29.30	
130-F-6 (Hungary) Associate's charges re further prosecution.	23.00	
130-F-9 (Denmark) Associate's charges refurther prosecution.	<u>14.52</u>	<u>151.82</u>
		\$ <u><u>276.82</u></u>

copy: Mr. William M. Cruse

**BISSELL & DALGARN**  
PATENT LAWYERS  
6820 LATIDERA BLVD, SUITE 108  
LOS ANGELES, CA 90045

HYDRA FLOAT STAGE SYSTEMS, INC.

[illegible]

HENRY M. BISSELL  
LEWIS M. DALGARN  
M. JOHN CARSON

LAW OFFICES  
**BISSELL & DALGARN**  
SUITE 108  
6820 LA TIJERA BOULEVARD  
LOS ANGELES, CALIFORNIA 90045  
(213) 776-3122  
DOWNTOWN OFFICE  
(213) 622-8195

PATENT, TRADEMARK  
AND COPYRIGHT CAUSES

January 6, 1973

Mr. Ralph Alswang  
President  
Hydra Float Stage Systems  
1564 Broadway, Suite 302  
New York, New York 10036

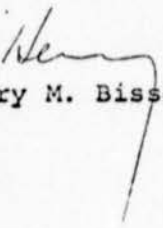
Re: Case No. 130-F-1  
German Patent Application  
Serial No. P 20 62248.4  
STAGE CONTROL SYSTEM

Dear Ralph:

Per your authorization, I have arranged for the payment of the current tax(es) for the above-referenced case(s) as stated in my letter of November 8, 1972.

\* You will find the Official Receipt(s) enclosed herewith.

Very truly yours,

  
Henry M. Bissell

HMB:erl

\* Enclosure

cc: Mr. William M. Cruse

EXHIBIT 17

38

17

Betrifft: F

Erinner

01.5

Patent  
Horn/Fra

6820

39

# Quittung

107

PATENTANMELDUNG P2062243.4 GERMANY-WEST  
HYDRA FLOAT STAGE SYSTEMS, INC. 3UEHNENSTEUERANLAGE  
30-F-1 9923 01114 00331

10703665 927

Ang	Fälligkeit	Gebühr	Betrag	Zahlung	Auftragsbelegang
SEP. 72	17.DEC. 72	3. JAHRGR.	DM 50.00		

Patentanwälte Licht, Hansmann, Herrmann - 8 München 2 - Theresienstr. 33  
/Firma

Einzahler und Empfänger der Quittung:

MR. HENRY M. BISSELL  
SUITE 108

Licht · Schmidt  
Hansmann · Herrmann  
Patentanwälte

LA TIJERA BLVD.  
LOS ANGELES  
CALIF. 90045/USA

8 München 2  
Theresienstraße 33

# HYDRAULIC STAGE SYSTEMS CORPORATION

Palace Theatre, 1884 Broadway, New York, N.Y. 10036 • (212) 265-4720

INCORPORATED  
205 N. MAIN STREET  
WESTPORT, CONNECTICUT

INCORPORATED  
MOLE RICHARDSON (ENGLAND), LTD.  
LONDON

INCORPORATED  
HYDRAULIC STAGE SYSTEMS CORPORATION  
PARADISE, NEW JERSEY

December 18, 1971

Mr. Robert Hazel  
J.A. Jones Construction Co.  
1820 St. Charles Street  
New Orleans, Louisiana

Dear Bob,

As you know, my patent lawyer, Mr. Henry Missell, intends to file a patent action against J. A. Jones Construction Company, the San P. Wallace Company, and the City of New Orleans because of the nature and character of the stage life system being proposed by Mole-Richardson, Limited of England. Regrettably, actions of this kind encompass the user, installer and owner of the equipment involved. Mr. Missell is owner of one-third of the rights under my patents and has made a thorough study of the concepts proposed by Mole-Richardson.

I believe this project has become complicated enough with all the "PAYMENT-REPAYMENT" and scheduling problems that have been involved up to this point.

I suggest that a conventional hydraulic system of the type used at the Radio City Music Hall or the Metropolitan Opera House in New York City be substituted for the hydraulic rotary actuator type encompassed under the Mole-Richardson proposal.

This type of system utilizing hydraulic plungers will not infringe on any patent rights as the principles and control concept combinations employed were used as early as 1891 to drive stage lifts from the water supply of London, England.

I urge you to obtain the opinion of a qualified patent lawyer to determine the potential of the patent claims involved. I am certain that a review of my existing patent (a copy of which can be obtained at the public library) will indicate that the concepts utilized in the lift system are equally as patentable as the concepts encompassed in my hydraulic cable-cylinder batten system.

EXHIBIT 18

40

Page 2, 10/13/71  
To: Mr. J. A. Jones

Alternatively, Kolo-Richardson can offer you an excellent electrically driven surge lift system which utilizes adjustable frequency AC motors. This is the type of system being installed to hoist the gondola at the Louisiana Superdome.

I am very anxious to resolve the infringement problems with Mr. Bissell so that J.A. Jones will not suffer any delays due to court injunctions, or other legal devices that may be contemplated by Mr. Bissell's office.

Best Personal Regards,

*Bill Grasso*  
Bill Grasso,  
Vice-President

1 AFFIDAVIT OF HENRY M. BISSELL

2  
3 STATE OF CALIFORNIA )  
4 COUNTY OF LOS ANGELES ) ss.

5  
6 I, Henry M. Bissell, being duly sworn, depose and  
7 state that:

8 I am an active member in good standing of the Bar  
9 of the State of California and have been engaged in the practice  
10 of law in California since June 1961; specializing in the  
11 practice of patent and trademark law. A substantial portion  
12 of my practice involves the preparation, prosecution and mainten-  
13 ance of foreign patent and trademark applications and resulting  
14 patents and registrations;

15 I have been since October, 1958 registered to practice  
16 before the United States Patent Office;

17 I am a member of the firm of Bissell & Dalgarn, with  
18 offices at 6820 La Tijera Boulevard, Los Angeles, California;

19 I am attorney for William M. Cruse in two Actions  
20 presently pending before Courts in the State of Connecticut:  
21 (1) Civil Action No. 147243 in the Superior Court of Fairfield  
22 County, Connecticut (at Bridgeport) entitled RALPH ALSWANG  
23 v. HYDRA-FLOAT STAGE SYSTEMS CORP. and WILLIAM CRUSE (Complaint  
24 filed August 7, 1972); and (2) Civil Action No. B715 in the  
25 United States District Court for the District of Connecticut  
26 entitled WILLIAM M. CRUSE v. RALPH ALSWANG, HYDRA-FLOAT STAGE  
27 SYSTEMS CORP., and THEATER PLANNING ASSOCIATES, INC. (Complaint  
28 filed on or about February 15, 1973);

29 I am submitting this Affidavit in support of an  
30 opposition to a Motion of defendants in the Federal Court case  
31 to disqualify me as attorney for the plaintiff Cruse on the ground  
32 of conflict of interest, defendants having contended that I have

1 acted as attorney for the defendant Hydra-Float Stage Systems,  
2 Corp. (Hydra-Float) in transactions having a substantial relation-  
3 ship to the case and that I am a prospective witness in the trial  
4 of the case;

5 I categorically deny each of these contentions.  
6 Specifically, I deny that any transaction in which I have acted  
7 as attorney for Hydra-Float has any relationship to either of  
8 the above mentioned litigation; I deny that there is any  
9 conflict of interest in my representations, past or present,  
10 of Cruse and Hydra-Float; I deny that I am a prospective wit-  
11 ness in the trial of the Federal Action. If I am permitted to  
12 continue my representation of Cruse, I do not intend to be a  
13 witness for the plaintiff and I am unaware of any direct  
14 testimony which I might present as a witness for defendants.  
15 If I am not permitted to continue as counsel for Cruse, I cannot  
16 be compelled to testify as a witness at the trial and, moreover,  
17 there will probably be no trial because Cruse does not have the  
18 funds to engage another attorney;

19 I first met Mr. Cruse in November, 1968 and was  
20 retained by him to prepare, file and prosecute United States  
21 patent application Serial No. 790,263. That application was  
22 filed January 10, 1969 and issued as United States patent  
23 3,558,102 on January 26, 1971. It is included in the subject mat-  
24 ter of the above-mentioned Federal Court Action;

25 During the preparation of said patent application,  
26 Mr. Cruse agreed with Mr. Louis Tancredi and Mr. Ernest L. Madrigal  
27 to assign to each an undivided one-third interest in the invention  
28 of said application in return for their assistance in paying for  
29 legal services pertaining to the application. I prepared and  
30 Mr. Cruse signed an assignment of an undivided one-third interest  
31 to each. A copy of that assignment, dated January 2, 1969, is  
32 attached hereto as Exhibit A;

1 In July, 1969 I prepared at the request of Mr. Cruse  
2 an agreement between Hydra-Float Stage Systems, the predecessor  
3 of the defendant Hydra-Float Stage Systems Corp., and William  
4 Cruse pertaining to a license under said United states patent  
5 application Serial No. 790,263. A copy of that agreement is  
6 attached hereto as Exhibit B. I represented William Cruse  
7 and not Hydra-Float or Alswang in this matter, [although Cruse  
8 said that Alswang had agreed Hydra-Float would pay legal fees  
9 pertaining to preparation of the agreement.] A copy of my letter  
10 of July 25, 1969 submitting a preliminary draft of the agreement  
11 to Cruse is attached hereto as Exhibit C. [Both Tancredi and  
12 Madrigal were advised of the arrangement with Hydra-Float and  
13 Alswang and agreed to the arrangement.] I was informed and I be-  
14 lieve that Alswang was advised of the interests of Tancredi and  
15 Madrigal in the subject matter of the agreement, the arrangement  
16 being that Cruse would be responsible to Madrigal and Tancredi  
17 to account for their participation in royalties under the agree-  
18 ment;

19 There is no question that I was acting for Cruse  
20 in his negotiations with Alswang in advice regarding negotiations  
21 and preparation of the agreement. Mr. Cruse's letter to me re-  
22 ceived August 11, 1969 (copy attached as Exhibit D) and my letter  
23 to Cruse dated August 12, 1969 (copy attached as Exhibit E)  
24 support this fact;

25 In August, 1969 Cruse asked me to prepare a United  
26 States patent application which was later filed on December  
27 18, 1969 under Serial No. 886,222. That application issued  
28 on October 10, 1972 as patent 3,697,047 and is also included  
29 in the subject-matter in the above-mentioned Federal Court  
30 Action. Cruse also assigned an undivided one-third interest  
31 in this patent application to Tancredi and Madrigal (copy  
32 of the assignment is attached hereto as Exhibit F) and it was

no disclosure  
to Alswang  
in K.  
FALSE  
see  
K-1 E-2

1 the subject of a supplemental agreement licensing rights under  
2 the application to Hydra-Float Stage Systems, Inc. I prepared  
3 that supplemental agreement for Mr. Cruse pursuant to his  
4 instructions. A copy of the supplemental agreement is attached  
5 hereto marked Exhibit G;

6 On or about August 18, 1972 pursuant to instructions  
7 from Mr. Cruse, I arranged for the filing of United States  
8 patent application Serial No. 281,631 as a division of the  
9 above-mentioned application Serial No. 886,222. By virtue of  
10 its relationship to application Serial No. 886,222, the divisional  
11 application is subject to the same proprietary interests as its  
12 parent application No. 886,222, namely it is assigned one-third  
13 each to Tancredi and Madrigal and is subject to the supplemental  
14 license agreement of Exhibit G. Application Serial No. 281,632  
15 is also included in the subject matter of the above-mentioned  
16 Federal Court Action;

17 From our first contact in November, 1968 to the present  
18 time, I have acted for and represented Mr. Cruse (and indirectly  
19 Tancredi and Madrigal) in the preparation and prosecution of  
20 his United States patent applications, the licensing of his  
21 proprietary rights, and the protection of his rights against  
22 Alswang. At no time have I personally ever had any interest,  
23 ownership or otherwise, in the patents and patent applications  
24 included in the above-mentioned litigation;

25 At all times, Mr. Alswang was aware of and acquiesced in  
26 my representation of Mr. Cruse and he agreed that I continue to  
27 prosecute the United States patent applications on Mr. Cruse's  
28 behalf while obtaining foreign patent coverage for Hydra-Float.  
29 On one occasion he stressed to me the importance of obtaining  
30 coverage for Mr. Cruse so that Hydra-Float would have protection  
31 against others as a licensee of Cruse;

32 -----

1           On May 25, 1970, at the request of Mr. Alswang, I  
2 wrote to Mr. Nicholas W. Thiemann of the firm of Seni, Stock  
3 & LaChance, attorneys for Alswang against Cruse and Hydra-Float  
4 in the above-identified State Court Action and for all  
5 of the defendants including Hydra-Float in the above-identified  
6 Federal Court Action, to provide specific information regarding  
7 patent rights of the corporation. Mr. Thiemann wrote to me  
8 on May 28, 1970 for further specific information on the same  
9 subject and I replied by letter of June 1, 1970. Copies of  
10 these letters, with enclosures, are attached hereto as Exhibits  
11 H, I and J. These constitute the extent of the correspondence  
12 on this point and this transaction has no relationship whatsoever  
13 to the matters at issue in the above-mentioned litigation.

14           By letter which I received May 25, 1970 from Mr. Cruse  
15 (copy with enclosure attached hereto and marked Exhibit K), I  
16 was asked to contact representatives of an entity in England  
17 called Mole-Richardson regarding the Hydra-Float patent position.  
18 I was later provided documents purporting to relate to agreements  
19 between Alswang, Cruse and/or Hydra-Float on the one hand  
20 and Mole-Richardson on the other. I was requested by Cruse  
21 and Alswang to provide my opinion regarding these documents, to  
22 refer to my associates in England for their advice regarding  
23 same, and to put them in touch directly with solicitors in  
24 London who might be able to act for them in this matter.

25 I followed these instructions as they applied strictly to  
26 patent rights. Exhibits 4a and 4b attached to the Affidavit  
27 of Alswang in support of defendants' Motion are typical of  
28 correspondence on this subject. Defendants' Exhibit 4a is  
29 a copy of my letter written to Mr. Cruse in which I pointed  
30 out to him certain problems in the Mole-Richardson agreement  
31 which at that time was a document dated July 7, 1970 (copy  
32 attached as Exhibit L) which I had been told was drawn up by

1 Alswang and someone on behalf of Mole-Richardson during Alswang's  
2 visit to England in July, 1970. Defendants' Exhibit 4b is a copy  
3 of my letter to Mr. Rae of Mole-Richardson in which I simply  
4 reported the status of the patent position of Hydra-Float.  
5 Correspondence on this subject continued somewhat sporadically  
6 until May, 1971 at which time I received a letter dated May 19,  
7 1971 from W.J. & J.G. Taylor, solicitors for Mole-Richardson, to  
8 which I replied on May 22, 1971. Copies of these letters are  
9 enclosed herewith as Exhibits M and N, respectively. This con-  
10 cluded the matter as far as my own participation was concerned.  
11 As I understood it then and so far as I have been able to  
12 determine at the present time, there was no difference of  
13 interest between or among Cruse, Alswang and/or Hydra-Float  
14 regarding the license agreement between Hydra-Float and Mole-  
15 Richardson. There is no relationship between this transaction  
16 and the above-mentioned litigation. All information pertaining  
17 to this matter was provided me by Mr. Cruse. The portions  
18 of the Complaint in the Federal Action which mention Mole-  
19 Richardson (paragraphs (c), (e), (f) and (i) of the fourth  
20 cause of action) relate to charges against Alswang, not Hydra-  
21 Float, and in fact recite wrongs perpetrated by Alswang against  
22 Hydra-Float as well as Cruse. At all times in connection  
\* 23 with this transaction, I represented the interest of Cruse  
24 and Hydra-Float as they coincided. In support of the charges  
25 in the Complaint against Alswang, Cruse has provided me with  
26 evidence indicating that Alswang has attempted to break the  
27 agreements between Hydra-Float and Mole-Richardson. A copy  
28 of a letter dated May 8, 1972 from Mr. R.V. Rae, an ex-employee  
29 of Mole-Richardson, as evidence of this fact is attached hereto  
30 marked Exhibit O. From all facts known to me, it is my understanding  
31 that Mr. Cruse has attempted to protect Hydra-Float against  
32 Alswang's efforts of this nature in breach of his fiduciary

1 obligation to Hydra-Float;

2           On or about May 25, 1970, I arranged for the filing  
3 of the first of a number of foreign patent applications per-  
4 taining to the United States patent applications mentioned above  
5 as licensed from Cruse to Hydra-Float. I reported to Mr. Cruse  
6 on that date (copy of letter attached hereto marked Exhibit P).  
7 It was arranged that the foreign applications be in the name of  
8 Hydra-Float Stage Systems Corp. To that end I prepared and  
9 Mr. Cruse signed an assignment agreement giving to Hydra-Float  
10 all rights throughout the world exclusive of the United States  
11 to the inventions which were the subject matter of the above-  
12 mentioned United States patent applications. A copy of that  
13 assignment is attached hereto marked Exhibit Q. My billing to  
14 Hydra-Float was in accordance with my understanding of the agree-  
15 ment between Cruse and Alswang as to the source of payment for  
16 my services for Hydra-Float. Mr. Alswang agreed to pay for  
17 such services. It is not at all unusual, in fact it is customary,  
18 for arrangements of this nature to exist in the practice of patent  
19 law wherein the patent attorney represents both the individual  
20 inventor and the corporate or other assignee or licensee with  
21 the latter undertaking to pay for the costs of patent prosecution.  
22 Until Mr. Cruse left New York and returned to California in  
23 approximately June, 1972, I continued to correspond with Cruse  
24 on the matter of the foreign patent prosecutions. Until that  
25 time my principal correspondence directed to Mr. Alswang involved  
26 an explanation of my billing and efforts to get him to pay for  
27 my services in accordance with my understanding of his undertak-  
28 ing. After that date, I reported jointly to Alswang and Cruse  
29 on the matters pertaining to foreign patent prosecution, directing  
30 my letters to Alswang with copy to Cruse as is evident in  
31 Exhibits 11, 14 and 15 of the Alswang affidavit in support  
32 of Defendants' Motion. There is no conflict on my part in

1 this transaction, nor is there any conflict between Cruse  
2 and Hydra-Float regarding the foreign patents and patent applica-  
3 tions. They are considered by Cruse to be an asset of Hydra-  
4 Float and he has asserted no claim against Hydra-Float with  
5 respect to this asset;

6       Until I received a copy of Defendants' Motion with  
7 Exhibits, I was not aware there was in existence any document  
8 purporting to constitute an assignment of any United States patent  
9 rights from Cruse to Hydra-Float, corresponding to Exhibit 1 of  
10 the Alswang affidavit. I believe that to be a spurious document;

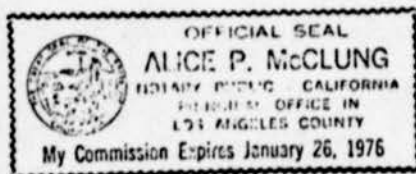
11       Until I received Defendants' Motion and accompanying  
12 affidavits, I was unaware of any contention that I owned any  
13 interest in the patents which are in issue in the above-mentioned  
14 litigation. Until that time, I had never seen the letter or any  
15 copy presented as Exhibit 18 of the Alswang affidavit. I cate-  
16 gorically deny that I am the owner of one-third (or any other  
17 portion) of the rights under such patents, as apparently stated  
18 therein. Moreover, I never made any study of the "concepts pro-  
19 posed by Mole-Richardson" as indicated in that letter. Mr. Cruse  
20 has told me that he over-stated his position in that letter  
21 and he has so indicated under oath in his own affidavit, also  
22 submitted in support of the opposition to Defendants' Motion;

23       I do not understand the statement of Alswang's Affidavit  
24 that I "will, of necessity, be a witness at the trial of this  
25 action". I have no information regarding any facts at issue  
26 which have not derived from Mr. Cruse. I do not plan to testify  
27 as a witness for the plaintiff. Unless I am physically within  
28 the jurisdiction of the Court, I cannot be called at the trial  
29 to testify for anyone. Mr. Cruse is presently indebted to  
30 me in the amount of several thousand dollars for costs and  
31 services in prosecuting this litigation. So far as I know,  
32 he is financially unable to make any arrangements with any

1 other counsel to represent him if the Court orders me off  
2 this case. There is no conflict of interest between Cruse  
3 and Hydra-Float. Hydra-Float would not be named as defendant  
4 were it not a necessary party to a determination of rights  
5 between Cruse as patentee-licensor and Hydra-Float as nominal  
6 licensee under the U.S. patents and the requirement for naming  
7 Hydra-Float for the appointment of a receiver. Cruse is princi-  
8 pally interested in protecting Hydra-Float and himself against  
9 Alswang. I myself have no conflict of interest between the  
10 parties named nor with respect to the patents at issue in the  
11 above-mentioned litigation.

12  
13   
Henry M. Bissell

14 Subscribed and sworn to before me this 27th day of  
15 August, 1973.



  
Notary Public

ASSIGNMENT

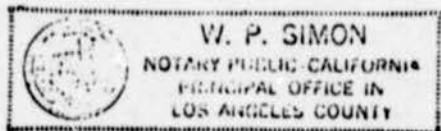
In consideration of One (\$1.00) Dollar, and for other good and valuable consideration, receipt of which is hereby acknowledged, I, WILLIAM M. CRUSE, of 333 North Norton Avenue, Los Angeles, California 9004, sell and assign to Louis Tancredi and Ernest L. Madrigal each an undivided one-third (1/3) interest in and to the improvements in a THEATER STAGE SET CONTROL SYSTEM invented by me, as described in the application for United States Letters Patent executed concurrently herewith.

Dated: Jan 2, 1969 William M. Cruse  
William M. Cruse

STATE OF CALIFORNIA     )  
                                  ) ss.  
COUNTY OF LOS ANGELES )

This 26 day of January, 1969, before me personally appeared the above-named WILLIAM M. CRUSE, to me personally known to be the individual who executed the foregoing assignment, who acknowledged to me that he executed the same of his own free will for the purposes therein set forth.

(SEAL)



William P. Simon  
Notary Public in and for  
said State

My Commission Expires:

My Commission Expires December 11, 1970

EXHIBIT A

AGREEMENT

1 copy

WHEREAS

Ralph B. Blum  
for Hydrafloat and Flat

doing business as Hydrafloat Stage Systems, (hereinafter LICENSEE or Hydrafloat) have caused a certificate of doing business under a business name to be filed with the County Clerk of New York City in compliance with the laws thereof;

WHEREAS William Cruse (hereinafter LICENSOR or Cruse) has made an invention covered by United States Patent Application Serial No. 790,263 relating to THEATER STAGE SET CONTROL SYSTEM and has developed certain technical data, design know-how and other proprietary information relating to the subject matter of said application and more generally to stage scenery management; and

WHEREAS it is desired by the named parties to develop, promote and market equipment in accordance with the subject matter of said patent application to their mutual benefit;

NOW THEREFORE in consideration of the promises and mutual covenants of this agreement, it is agreed as follows:

1. LICENSOR hereby grants to LICENSEE for the life of this agreement an exclusive license under the invention or inventions comprising the subject matter of the aforesaid patent application to manufacture, use and sell systems or devices incorporating said inventions throughout the United States, its territories and possessions. Upon request in writing by LICENSEE, LICENSOR will extend this license agreement to cover inventions made by him in the field of theater stage set management.

2. LICENSEE agrees to pay to LICENSOR royalties on all of said systems sold or otherwise disposed of by it which incorporate any invention either disclosed or claimed under the said patent application at the rate of 3% of the base, defined as the net selling price of said systems minus only the in-shop fabrication costs of said systems.

3. In addition, Cruse agrees to provide all design data

AGREEMENT

*Copy*  
*Sup B. Blum*  
\_\_\_\_\_, and \_\_\_\_\_  
at Stage Systems, (hereinafter LICENSEE  
a certificate of doing business under  
with the County Clerk of New York City  
thereof;

Cruse (hereinafter LICENSOR or Cruse) has  
by United States Patent Application Serial  
EATER STAGE SET CONTROL SYSTEM and has  
data, design know-how and other proprie-  
to the subject matter of said application  
scenery management; and  
ired by the named parties to develop, pro-  
n accordance with the subject matter of  
their mutual benefit;

consideration of the promises and mutual  
it, it is agreed as follows:

by grants to LICENSEE for the life of this  
under the invention or inventions com-  
of the aforesaid patent application to  
systems or devices incorporating said inven-  
States, its territories and possessions.  
LICENSEE, LICENSOR will extend this license  
ns made by him in the field of theater

es to pay to LICENSOR royalties on all of  
ise disposed of by it which incorporate  
sed or claimed under the said patent  
3% of the base, defined as the net selling  
only the in-shop fabrication costs of

Cruse agrees to provide all design data

required for the construction  
and for a subsequent system  
cultural center. Hydrafloat  
construction of the prototy  
the fabrication and marketi  
be sold or otherwise dispose  
expenses for travel, legal

4. LICENSEE shall  
the stage rigging field, sub  
sub-licensee and of any such  
herein, which approval will  
ditioned upon the payment of  
from sub-licensee to LICENSOR  
agreement on all systems sol  
sub-license agreements, exce  
net selling price of said sy

5. Hydrafloat fur  
establishment of a corporati  
Systems, which corporation w  
dividuals doing business as

6. Hydrafloat wil  
establishment and registrati

7. Within 30 days  
LICENSEE agrees to make a wr  
such report the number and n  
which have been sold or othe  
from January 1, 1969 to the  
with the making of this repo  
LICENSOR royalties due in ac

8. The LICENSEE a  
LICENSOR quarterly within th  
January, April, July, and Oc  
the life of this Agreement,  
and in-house fabrication cos

required for the construction of a prototype, now being fabricated, and for a subsequent system to be installed in the New Orleans cultural center. Hydrafloat agrees to pay all costs involved in the construction of the prototype and to pay all costs in connection with the fabrication and marketing of subsequent stage rigging systems to be sold or otherwise disposed of by it including but not limited to expenses for travel, legal fees, office and promotion;

4. LICENSEE shall have the right to sub-license others in the stage rigging field, subject to approval of each such potential sub-licensee and of any such sub-license agreement by LICENSOR herein, which approval will not unreasonably be withheld, and conditioned upon the payment of royalties and making of reports directly from sub-licensee to LICENSOR in accordance with the terms of this agreement on all systems sold or otherwise disposed of under such sub-license agreements, except that the 3% royalty will apply to the net selling price of said systems;

5. Hydrafloat further agrees to pay all of the costs for establishment of a corporation to succeed said Hydrafloat Stage Systems, which corporation will issue stock to the above-named individuals doing business as Hydrafloat Stage Systems in equal shares;

6. Hydrafloat will pay all costs in connection with the establishment and registration of tradenames for the system;

7. Within 30 days after the execution of this Agreement, LICENSEE agrees to make a written report to LICENSOR stating in such report the number and net selling prices of systems or devices which have been sold or otherwise disposed of during the period from January 1, 1969 to the date of this Agreement. Simultaneously with the making of this report, the LICENSEE agrees to pay to the LICENSOR royalties due in accordance with Article 2 hereof.

8. The LICENSEE agrees to make written reports to the LICENSOR quarterly within thirty (30) days after the first day of January, April, July, and October respectively of each year during the life of this Agreement, stating the number, net selling prices and in-house fabrication costs of systems or devices which have been

sold or otherwise disposed of under the license herein granted during the preceding three (3) calendar months.

9. The LICENSEE also agrees to make a written report to the LICENSOR within thirty (30) days after the date of any termination of this Agreement, stating in such report the number and net selling prices of systems or devices sold or otherwise disposed of under the license herein granted, and not previously reported to the LICENSOR, and stating the number of systems or devices manufactured, or in process of manufacture, and not previously reported to the LICENSOR. Simultaneously with the making of each of the foregoing reports, the LICENSEE agrees to pay to the LICENSOR royalties due in accordance with Article 2 hereof.

10. The LICENSEE'S invoiced installed price after deduction of trade or quantity discounts, but before deduction of cash discounts or agents' commissions, shall be deemed to be the LICENSEE'S net selling price, and the direct cost of materials and labor involved in fabrication of systems on the premises of LICENSEE shall be deemed in-shop fabrication costs, for the purpose of computing royalties on systems sold. As to systems or devices "otherwise disposed of" hereunder LICENSEE'S established net selling price of that particular type of system or device shall be considered the net selling price in computing royalties.

11. Under this Agreement, systems and devices shall be considered to be sold when billed out, except that upon expiration or termination of this Agreement, all production prior to the date of such expiration or termination which has not been billed out prior thereto shall be considered as licensed and royalties shall be due thereon upon such expiration or termination. Royalties paid on systems which are not accepted by the customer shall be credited on future royalty payments.

12. The LICENSEE agrees to keep records showing the fabrication and sale or other disposition of systems or devices under the license herein granted in sufficient detail to enable the royalties payable hereunder by the LICENSEE to be determined, and further

under this license with the word "Patent" followed by the number or numbers of the patents applicable thereto, and that it will comply with any other reasonable requirements with respect to patent marking made from time to time by LICENSOR.

18. Any notice provided for in this Agreement may be served by either party on the other by Certified or Registered Mail, at the following respective addresses:

*Licensee - 295 North AV Westport*  
*Cruse 333 Norton Ave. LA*

19. This Agreement, its execution, and performance shall be construed and interpreted under and in accordance with the laws of the State of California.

IN TESTIMONY WHEREOF, the parties hereto have caused their respective signatures to be hereunto affixed on the dates indicated.

*Ralph B. Cruse*  
*295 North AV Westport*  
*William M. Cruse*  
*333 Norton Ave*  
*Los Angeles*

July 25, 1969

Mr. William M. Cruse  
1564 Broadway  
New York, New York

Dear Bill:

- \* I enclose herewith an Agreement that I have prepared covering the points that were set forth in your memorandum but with certain modifications pursuant to our telephone conversation. You will note that there are places in the Agreement to be filled in, notably at the beginning where the names of the parties should be put into the blanks and also at the end where the address for giving notice under the Agreement is to be inserted.

This may be a little more extensive than what you had in mind. However, it is virtually impossible to prepare a Patent License Agreement without a considerable number of more or less boiler-plate paragraphs. It will be easy to change any portion of this if you wish. I will wait for further word from you on this.

Best regards,

Henry M. Bissell

HMB:erl

- \* Enclosures

EXHIBIT C

AUG 11 1969

HENRY M. BISSELL

Henry Bissell

Dear Henry:

Just a few points,... I trust that you have been paid for drawing up this agreement, and that you have rec. some more money from my wife on my patent payments...

If you could please Re-invoice me on the fee for our telephone conversations in the name of Hydrafloat, then I can see that you get paid very soon.... So much for that!

I was not able to win on the point of the 3% of the gross, but everyone has agreed that the term Net Profit could be defined as monies made after subtracting the cost of in shop construction-fabritions of the systems and not any of the other operating costs of the Company.... This seems a little better to me. It would mean the construction costs being approx. £ 1,200.00 per unit and the selling price being \$3,700.00 Per units. We would do a little better on the 3%.... Consequently, If the office and travel to New Orleans ~~eat~~ etc. eat up the profits, we would still have our 3% from a fixed figure..... So it would seem... If you think this a workable agreement, Please alter the enclosed papers so that we can move ahead with the proto-type.... The Architect from New Orleans is comming to New York to see the system working on the 20 of Aug., so we want to get this settled..... Please let me know your opinion on this profit figure definition and If you think I should keep ~~sayin~~ saying that I want only % of the Gross....?????

Bill Cruse

EXHIBIT D

Mr. William Cruso  
August 12, 1969  
1969

August 12, 1969

Mr. William Cruso  
Palace Theatre  
1564 Broadway,  
New York, New York 10036

Re: Hydrafloat Systems Agreement

Dear Bill:

This is in reply to your latest letter regarding revision of the agreement I have prepared. I received a check from Hydrafloat in payment of my statement, but I have not yet had any payment for the patent application. Apparently my latest crossed your letter in the mail. I am enclosing herewith a new statement in the name of Hydrafloat Systems, as you suggested, which includes the time spent on the revised agreement.

The revision specifies the royalty base for the license to Hydrafloat as you suggested. Based on the figures you gave me, 3% of the new base should be equal to 2% of the gross and it would seem to be sufficiently definite to avoid my earlier objections. If you can define the base, particularly the in-house construction costs, any more specifically, I would suggest that this be done as precisely as possible in an addendum to the agreement. This addendum could be typed at the bottom of page 5 with signature of all parties or it could be done on a separate sheet with date and signatures.

You will note that the base for royalties from sub-licensees has not been changed. It remains as the net selling price without deduction of fabrication costs. Since the royalty from sub-licensees goes to you anyway, your associates should not object. Moreover, this equivalent 1% difference will give them a slight competitive edge.

You are aware, of course, that the agreement makes no mention of Madrigal and Tancredi but it treats you as the sole owner of the proprietary rights. I don't know whether you intend to re-acquire their interests or account to them for royalties

EXHIBIT E-1

Mr. William Cruse  
August 12, 1969  
Page 2 -

// received under the agreement, but I believe one course or  
the other will necessarily follow.

If anything further is needed, don't hesitate to let me  
know.

Best personal regards,

Henry M. Bissell

HMB:erl

\* Enclosures

ASSIGNMENT

In consideration of One (\$1.00) Dollar, and for other good and valuable consideration, receipt of which is hereby acknowledged, I, WILLIAM M. CRUSE, of 333 North Norton Avenue, Los Angeles, California 90004, sell and assign to Louis Tancredi and Ernest L. Madrigal each an undivided one-third (1/3) interest in and to the United States Patent Applications and inventions described therein as identified below:

Patent Application Serial No. 790,263  
Filed January 10, 1969  
For THEATER STAGE SET CONTROL SYSTEM

Patent Application Serial No. 886,222  
Filed December 18, 1969  
For STAGE CONTROL SYSTEM.

Dated: August 31, 1970.

William M. Cruse  
William M. Cruse

STATE OF NEW YORK     )  
COUNTY OF N.Y.     ) ss.

This 31 day of August, 1970, before me personally appeared the above-named WILLIAM M. CRUSE, to me personally known to be the individual who executed the foregoing assignment, who acknowledged to me that he executed the same of his own free will for the purposes therein set forth.

(SEAL)

Paul Bruckman  
Notary Public in and for  
said State

My Commission expires:

COMMISSIONER OF DEPT.  
Filed N. Y. County - No. 1 1971  
Term Expires July 1, 1971

SUPPLEMENTAL AGREEMENT

WHEREAS Ralph Alswang doing business as Hydra Float Stage Systems and William Cruse have entered into a previous agreement whereby William Cruse granted to Hydra Float Stage Systems a license under United States patent application Serial No. 792,263 relating to theater stage set control systems;

WHEREAS said Ralph Alswang and said William Cruse have formed a corporation named Hydra Float Stage Systems, Inc. which succeeded to the business of said Hydra Float Stage Systems and by the terms of said license agreement succeeded to the rights of the Licensee thereunder;

WHEREAS said William Cruse has made another invention which is the subject matter of United States patent application Serial No. 886,222 relating to STAGE CONTROL SYSTEM; and

WHEREAS it is desired by the parties to said previous agreement to enter into a license agreement with respect to said patent application Serial No. 886,222 along the lines of said previous agreement;

NOW THEREFORE in consideration of the promises and mutual covenants of this agreement, it is agreed as follows:

1. Paragraph 1 of said previous agreement is hereby amended by deleting therefrom in its entirety the last sentence thereof which reads as follows:

"Upon request in writing by LICENSEE, LICENSOR will extend this license agreement to cover inventions made by him in the field of theater stage set management."

2. William Cruse, LICENSOR, hereby grants to Hydra Float Stage Systems, Inc., LICENSEE, for the life of this agreement an exclusive license under the invention or inventions

comprising the subject matter of the aforesaid patent application Serial No. 886,222 to manufacture, use and sell systems or devices incorporating said inventions throughout the United States, its territories and possessions.

3. LICENSEE agrees to pay to LICENSOR royalties on all of said systems sold or otherwise disposed of by it which incorporate any invention either disclosed or claimed under the said patent application at the rate of 3% of the base, defined as the net selling price of said systems minus only the in-shop fabrication costs of said systems.

4. LICENSEE shall have the right to sub-license others in the stage rigging field, subject to approval of each such potential sub-licensee and of any such sub-license agreement by LICENSOR herein, which approval will not unreasonably be withheld, and conditioned upon the payment of royalties and making of reports directly from sub-licensee to LICENSOR in accordance with the terms of this agreement on all systems sold or otherwise disposed of under such sub-license agreements except that the 3% royalty will apply to the net selling price of said systems.

5. Within thirty (30) days after the execution of this supplemental agreement, LICENSEE agrees to make a written report to LICENSOR stating in such report the number and net selling prices of systems or devices which have been sold or otherwise disposed of from the period from January 1, 1969 to the date of this supplemental agreement and which have not been otherwise reported under the terms of the previous agreement. Simultaneously with the making of this report, the LICENSEE agrees to pay to the LICENSOR royalties due in accordance with Article 3 hereof.

6. The LICENSEE agrees to make written reports to the LICENSOR quarterly within thirty (30) days after the first day of January, April, July and October, respectively, of each

year during the life of this supplemental agreement, stating the number, net selling prices and in-house fabrication costs of systems or devices which have been sold or otherwise disposed of under the license herein granted during the preceding three calendar months.

7. The LICENSEE also agrees to make a written report to the LICENSOR within thirty (30) days after the date of any termination of this agreement, stating in such report the number and net selling prices of systems or devices sold or otherwise disposed of under the license herein granted, and not previously reported to the LICENSOR, and stating the number of systems or devices manufactured, or in process of manufacture, and not previously reported to the LICENSOR. Simultaneously with the making of each of the foregoing reports, the LICENSEE agrees to pay to the LICENSOR royalties due in accordance with Article 3 hereof.

8. The LICENSEE'S invoiced installed price after deduction of trade or quantity discounts, but before deduction of cash discounts or agents' commissions, shall be deemed to be the LICENSEE'S net selling price, and the direct cost of materials and labor involved in fabrication of systems on the premises of LICENSEE shall be deemed in-shop fabrication costs, for the purpose of computing royalties on systems sold. As to systems or devices "otherwise disposed of" hereunder, LICENSEE'S established net selling price of that particular type of system or device shall be considered the net selling price in computing royalties.

9. Under this agreement, systems and devices shall be considered to be sold when billed out, except that upon expiration or termination of this agreement, all production prior to the date of such expiration or termination which has not been billed out prior thereto shall be considered as licensed and royalties shall be due thereon upon such expiration or termination. Royalties paid on systems which are not accepted by

EXHIBIT G-3

the customer shall be credited on future royalty payments.

10. The LICENSEE agrees to keep records showing the fabrication and sale or other disposition of systems or devices under the license herein granted in sufficient detail to enable the royalties payable hereunder by the LICENSEE to be determined, and further agrees to permit its books and records to be examined from time to time to the extent necessary to verify the reports provided for in Articles 5, 6 and 7 hereof, such examination to be made at the expense of the LICENSOR by an auditor appointed by the LICENSOR.

11. If the LICENSEE shall at any time default in the payment of any royalty or the making of any report hereunder, or shall commit any breach of any covenant or agreement herein contained, or shall make any false report, and shall fail to remedy any such default, breach, or false report within thirty (30) days after written notice thereof by the LICENSOR, the LICENSOR may, at its option, cancel this agreement and revoke the license herein granted, by notice in writing to such effect; but such act shall not prejudice the right of LICENSOR to recover any royalty or other sums due at the time of such cancellation, and shall not prejudice any cause of action or claim of the LICENSOR accrued or to accrue, on account of any breach of default by the LICENSEE.

12. The obligation of the LICENSEE hereunder, including the obligations to make reports and to pay royalties, and the LICENSOR'S rights hereunder shall run in favor of the successors, assigns or other legal representatives of the LICENSOR.

13. The LICENSEE'S rights hereunder and the license herein granted to the LICENSEE shall pass to any assigns for the benefit of the creditors of the LICENSEE and to any receiver of its assets or to any person or corporation succeeding to its entire business in systems and devices made in accordance

with the aforesaid application as a result of sale, consolidation, reorganization, or otherwise, but may not otherwise be transferred without the written consent of the LICENSOR.

14. Unless otherwise terminated this agreement shall remain in force until the expiration date of the Letters Patent to issue on application Serial No. 886,222.

15. The LICENSEE agrees that it will mark licensed systems and devices manufactured, used, sold, or otherwise disposed of under this license with the word "Patent" followed by the number or numbers of the patents applicable thereto, and that it will comply with any other reasonable requirements with respect to patent marking made from time to time by LICENSOR.

16. Any notice provided for in this agreement may be served by either party on the other by Certified or Registered Mail, at the following respective addresses:

17. This agreement, its execution, and performance shall be construed and interpreted under and in accordance with the laws of the State of California.

IN TESTIMONY WHEREOF, the parties hereto have caused their respective signatures to be hereunto affixed on the dates indicated.

Dated:

HYDRA FLOAT STAGE SYSTEMS, INC.

By:

Ralph Alswang

Dated:

By:

William M. Cruse

May 25, 1970

Mr. Thieman  
Office of Allen Senie  
Main Street  
Westport, Connecticut

Dear Mr. Thieman:

I have been requested by Mr. Alswang to contact you with respect to the situation concerning foreign patent rights of Hydra Float Stage Systems, Inc.

The present agreement between Mr. Cruse and Hydra Float relates only to the United States application. Based on an agreement between Mr. Cruse and Hydra Float Stage Systems, Inc., Hydra Float may file applications abroad in its own name covering the inventions of Mr. Cruse. This ability to file foreign applications is, of course, subject to the statutory requirements for the various countries governing applications filed after there has been a publication, use or sale of the invention.

I have today been requested by Mr. Alswang to protect the company's rights in Great Britain and I am arranging for the first application in Great Britain immediately.

Very truly yours,

Henry M. Bissell

HMB:erl

cc: Mr. William Cruse

EXHIBIT H

SENIE, STOCK & LACHANCE

*Attorneys at Law*

BROOKS CORNER BUILDING, WESTPORT, CONNECTICUT 06880 • (203) • 227-7281

ALAN H. SENIE  
JACK STOCK  
J. PETER LACHANCE  
EDWARD R. KARAZIN, JR.  
NICHOLAS W. THIEMANN

RECEIVED

JUN 1 1970

HENRY M. BISSELL

May 28, 1970

Henry M. Bissell, Esquire  
6820 LaTirjera Boulevard  
Los Angeles, California

Re: Hydra-Float Stage Systems Corp.

Dear Mr. Bissell:

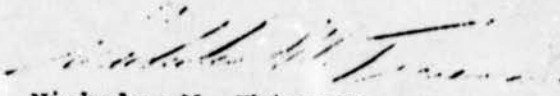
I enclose herewith a copy of our Certificate of Incorporation in connection with the above named corporation.

As I am not familiar with patent law, perhaps you can help me with Paragraph 2b of the Certificate in determining whether the language is broad enough to include foreign patents.

If necessary, an Amended Certificate of Incorporation can be filed with the Secretary of State here in Connecticut.

Thank you.

Sincerely,

  
Nicholas W. Thiemann

NWT:mhl  
Enclosure

EXHIBIT I-21

STATE OF CONNECTICUT  
SECRETARY OF THE STATE

The undersigned incorporators, certify that we hereby associate ourselves as a body politic and corporate under the Statute of the State of Connecticut.

The name of the corporation is **HYDRA-FLOAT STAGE SYSTEMS CORP.**

The nature of the business to be transacted, or the purposes to be promoted or carried out by the corporation

a. To develop, invent, build, contract and subcontract to build and design theatrical stage rigging systems.

b. To acquire, purchase, sell and lease patents and patent applications for stage rigging systems. Also to obtain copyright, trademark and tradename rights within the field of theatrical stage rigging systems.

c. To enter into, make and perform contracts of every sort and description with any person, firm, association, corporation, municipality, county, state body politic or government.

d. To borrow or raise monies for any of the purposes of the Corporation at any time to time, without limit as to amount, to draw, make, accept, endorse, execute and issue promissory note, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of, the whole or any part of the property of the Corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds or other obligations of the Corporation for its corporate purposes.

e. To carry on any and all other business in connection with the foregoing and to have all the powers necessary for the above as well as to have and to exercise all the powers conferred by the laws of Connecticut upon corporations formed under the laws of the State of Connecticut, and to do any and all of the things hereinabove set forth to the same extent as natural persons might or could do.

The enumeration of the specific powers set forth herein is not deemed to limit or abridge any of the other general powers of this corporation.

common -

no par value

4. The terms, limitations and relative rights and preferences of each class of shares and series thereof (if any), or series thereof, of authority to the board of directors pursuant to Section 33-341, 1959 Supp. Conn. G.S., are as follows:

5. The minimum amount of stated capital with which the corporation shall commence business is

\_\_\_\_\_ dollars. (Not less than one thousand dollars)

6. (7) Other provisions

Dated at Westport, Connecticut this 25<sup>th</sup> day of March, 1970

We hereby declare under the penalties of perjury, that the statements made in the foregoing certificate are true.

NAME OF INCORPORATOR (Print or Type)	NAME OF INCORPORATOR (Print or Type)	NAME OF INCORPORATOR (Print or Type)
1. <u>Lee C. Hickey</u>	2. <u>Nicholas W. Thiemann</u>	3. <u>Marcia H. LaFontaine</u>
SIGNED (Incorporator)	SIGNED (Incorporator)	SIGNED (Incorporator)
1. <u>/s/</u>	2. <u>/s/</u>	3. <u>/s/</u>
NAME OF INCORPORATOR (Print or Type)	NAME OF INCORPORATOR (Print or Type)	NAME OF INCORPORATOR (Print or Type)
4. _____	5. _____	6. _____
SIGNED (Incorporator)	SIGNED (Incorporator)	SIGNED (Incorporator)
4. _____	5. _____	6. _____

FOR OFFICE USE ONLY

FRANCHISE FEE	FILING FEE	CERTIFICATION FEE TOTAL
\$ _____	\$ _____	\$ _____
SIGNED (For Secretary of the State)		
CERTIFIED COPY SENT ON (Date)		INITIALS
TO _____		
CARD	LIST	PROOF

EXHIBIT I-3

June 1, 1970

Nicholas M. Thiemann, Esq.  
Soniq, Stock & LaChance  
Brooks Corner Building  
Westport, Connecticut 06880

Re: Hydra Float Stage Systems Corp.

Dear Mr. Thiemann:

In response to your letter of May 28, 1970, I have reviewed paragraph 2(b) of the Certificate of Incorporation enclosed therewith and conclude that this paragraph is broad enough to cover foreign as well as United States patents and patent applications, copyrights and trademarks.

If that is the only question, I would not think that an amended Certificate of Incorporation is necessary.

Very truly yours,

Henry M. Bissell

HMB:erl

EXHIBIT J

# Hydra Float Stage Systems

NEW YORK CITY  
1564 BROADWAY  
212--265-4720

RECEIVED

MAY 25 1970

HENRY M. BISSELL



Mr. Henry Bissell  
Patent Lawyer  
Suite 108  
6820 La Tijera Blvd.  
Los Angeles, California 90045

Dear Henry:

Enclosed is a copy of the letter, as per our phone conversation of this morning: Ralph Alswang indicated that you should take all action to protect us in the context of this problem.

If you feel we should furnish Mr. Barnett of Mole Richardson with all the data requested, please send it from your office directly to him in England. On the otherhand hand, if you feel that the data should NOT be furnished, perhaps, a letter from you to Mr. Barnett would help to assure him that we have taken intelligent steps to cover our interests in the United Kingdom.

In any case, I think that a letter from an official "Patent Engraver Lawyer" would at least indicate that we are not children in these matters.

Please do as you feel the situation requires and do add the costs of your services ~~in~~ to my long over due Un-paid billing.....

Your friend

*Bill Cruse*  
Bill Cruse

\*see  
P.S. If you my friend Ron Loudon....Please ask him to drop me a line..... I wonder how he is doing in the market in these times.... He did say it was going down the last time I saw him....

EXHIBIT K-1

control behind the scene



# MOLE-RICHARDSON (England) LTD.

## STAGE & STUDIO ENGINEERING DIVISION

BRUNEL WAY, MUNDFORD RD. THETFORD NORFOLK tel. 3671-4 telex 81372

### Manufacturers of:

- Act Drop Curtains
- Constructural Steelwork
- Counterweight Systems
- Conveyors
- Curtain Tracks
- Cyclorama Systems
- Dark Blind Gear
- Fly Special Effects
- Forestage Lifts
- Fusible Link Gear
- Hand Winches
- Microphone Lifts
- Motorised Winches
- Multi Screw Stage Lifts
- Orchestra Lifts
- Portable Stage fit ups
- Pulley and Rigging Suspension
- Revolving Stages
- Revolving Rostrums
- Roller Projection Screens
- Rolling Stages
- Safety Curtain Installations
- Scenery Fitting
- Sliding Partitions
- Sound Doors
- Stage Lantern Lights
- Studio Folding Seating Units
- Television Film Lighting Grids
- Television Film Lighting Hoists
- Variable Speed Hoists
- Variable Prosceniums
- Visual Aid Chalkboard Units



Our ref: MR/JMH/3009.

19th May, 1970.

Hydra Float Systems Inc.,  
1564, Broadway,  
NEW YORK CITY,  
212.265.4720.

For the attention of Mr. Bill Cruse.

Dear Bill,

### CABLE CYLINDERS

We are now formally investigating the various applications in which we can use the Cable Cylinder principle.

In this connection would you please forward details of your United States Patent Numbers relating to the application of this method to scene hoisting systems etc. This will enable us to obtain some kind of provisional United Kingdom Patent cover while we further our investigations.

Kindest regards,

Yours sincerely,  
MOLE-RICHARDSON (ENGLAND) LIMITED.

M. Barnett.  
Technical Sales.

DIRECTORS - A. E. M. RAYNESFORD (Chairman)  
A. N. EVERETT (General Manager)

J. De LANE LEA W. C. DICES  
Secretary R. M. JONES

EXHIBIT K-2

HYDRA FLOAT STAGE SYSTEMS INC., 100 NORTH AVENUE,  
West Port, Conn; and Mole-Richardson (England) Limited,  
Brunel Way, Mundford Road, Thetford, Norfolk hereby agree  
to the terms in this letter.

1. The Hydra Float Company agrees to assign to Mole-Richardson all rights to U.S. patent No. 790,263 which has been issued on the 25th May, 1970, and also to assign any patent pending, copyrights and design drawings to Mole-Richardson and any future patents which are in advance in the area of the Hydra Float patent system.
2. Hydra Float has handed over copies of all documents pertaining to the patents documents at the present time.
3. Hydra Float agreed to file additional patents in all countries that they and Mole-Richardson agree will have value to protect their holdings. Hydra Float will pay out of their share of the profits for any filing costs and legal fees.
4. Hydra Float is responsible for the defending of patents in all countries with the exception of England where the cost of any suits to protect our interests will be jointly shared by Mole-Richardson and Hydra Float.
5. At the present time Hydra Float has filed in England and has received an acknowledgement from the Patents Office, Chancery Lane, London - Reg. No. 26099.
6. Ralph Alswang and William Cruse of the Hydra Float Company will be available to consult with Mole-Richardson and on request will be present at any location where Mole-Richardson is making an installation involving Hydra Float equipment. Hydra Float will not receive any additional fees or salaries for this service but Mole-Richardson will pay all travel and hotel expenses.
7. It is agreed that Mole-Richardson pay a 10% royalty to the Hydra Float Company on the contract price for the sale of the flexible cable cylinder Hydra Float system which may be incorporated within overall theatre or studio complexes. Any element not directly allied to the Hydra Float equipment would be exempt from this royalty.
8. All Mole-Richardson contracts will specify the equipments to be supplied with their individual costs.
9. The Mole-Richardson Company will manufacture the flexible cable cylinder for other industrial and domestic uses outside the category of stage rigging systems. They will pay Hydra Float 4% of the contract price for all units sold.

Contd.....

EXHIBIT L-1

10. The assignment of rights in regards to the geographical locality of this contract is that Mole-Richardson will sell and install the Hydra Float system in Great Britain, the Commonwealth and European markets and South Africa.

11. Mole-Richardson has the right under this agreement to manufacture the flexible cable cylinder with all the design components necessary.

12. Hydra Float has the right, if they so choose, to manufacture the same cylinder in the United States to be used in areas not defined by this agreement.

13. Mole-Richardson agrees to sell to the Hydra Float Company the flexible cable cylinder and any other device they will manufacture for the Hydra Float system at their cost price as prevailing at the time of order plus a 20% profit margin.

14. It is hereby agreed that Mole-Richardson will make available their certified statements of sales contracts on a quarterly basis within the financial year and they shall make available to Hydra Float immediately upon the job being completed all monies being due.

15. Any monies received on the job due to partial payment a percentage of that payment will be made to the Hydra Float Company and on the completion of the job they will receive the balance of the full payment due to them on the next quarterly statement.

16. Mole-Richardson accept the sole responsibility and liability relating to the manufacture and installation of the Hydra Float system.

17. This agreement shall remain in force during the existence of both companies within the terms of their current Articles of Association. In the event of the cancellation of this agreement all rights relating to the U.S. patent No. 790,262 ~~shall revert to the Hydra Float Company~~ and all others as specified in paragraph 1, shall revert to the Hydra Float Company.

18. In the event of the patents protection expiring Hydra Float and Mole-Richardson agree to re-negotiate the royalty percentage rate.

19. In the event of Hydra Float and Mole-Richardson acting in concert to secure an overall contract an equitable commission will be negotiated prior to the final offer being made.

20. As a confirmation of this agreement Mole-Richardson shall agree to advance £5,000 (five thousand pounds) against

Contd.....

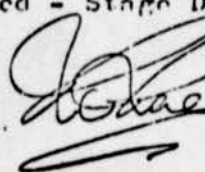
the royalty payments on the signature of the first contract involving Hydra Float systems.

22. This agreement shall be subject to the lawyers' approval.

President, Hydra Float Stage Systems  
Incorporated.



Manager, Mole-Richardson (England)  
Limited - Stage Division.



Director, Mole-Richardson (England)  
Limited.

7th July, 1970.

EXHIBIT L-3

J. & J. C. TAYLOR

Lushington House  
Newmarket  
Suffolk

PS/JAC

19th May, 1971

H. M. Bissell, Esq.,  
Suite 108,  
6820 La Tijera Boulevard  
Los Angeles  
California 90045

RECEIVED

MAY 22 1971

Dear Sir,

HENRY M. BISSELL

Hydra Float Agreement

Mr. Alswang has been over in England and you will be glad to hear that we reached agreement on Friday on the final form of Licence Agreement between him and Mole-Richardson. This Agreement recites the Assignment of rights in the invention from Mr. Cruse to Hydra Float of which you sent us an unconfirmed copy with your letter of the 30th October, 1970. It is necessary for us to recite the date of the Assignment in the Agreement and we should be glad if you would kindly let us know this by return of post if possible.

Yours faithfully,

EXHIBIT M

May 22, 1971

W.J. & J.G. Taylor  
Lushington House  
Newmarket  
Suffolk, ENGLAND

Re: Hydra Float and Mole Richardson  
License Agreement

Gentlemen:

In reply to your letter of May 19, 1971, please note that the date of the assignment of rights from Mr. Cruse to Hydra Float, about which you are inquiring, is September 16, 1970.

This was the date of the agreement by which Mr. Cruse assigned to Hydra Float British patent application No. 26099/70 and the rights to file abroad corresponding to U.S. application Serial No. 386,222, dated December 16, 1969.

Very truly yours,

Henry M. Bissell

HMB:erl

cc: Ralph Alswang

EXHIBIT N

Our R ef: RVR/MR

Pearce's Farm,  
South Lopham,  
Nr. Diss,  
Norfolk,  
England.

Tel: Bressingham 311  
(code 037 988)  
8th May, 1972.

For the attention of R. Alswang Esq.

Dear Ralph,

After you telephoned on Saturday, I spent the weekend trying to uncover a possible reason, giving evidence enabling you to cancel the present Hydrafloat trading agreements with Mole Richardson.

I offer the following suggestions for your investigation:-

- (1) One of the reasons for our resignation has been absurd pricing policies. The formular for costing projects are based on fantasy, these directives are gradually driving our once faithful clients to use competitors and the general costs for flexible cable cylinders are now close to 700 pounds per unit. Based on this cost, it is therefore possible for you to prove Mole Richardson are overpricing compared with U.S. produced models and thus claim if the agreement remains in the hands of the present licensee that sales will be affected to the detriment of your royalty payments.

To ensure that Mole Richardson costs are current why not request an estimate for, say 60 sets, and compare the answer with U.S. models, thus confirming whether action in this direction would meet with success.

- (2) The second claim is linked with the first proposal and is possibly the best evidence for changing the agreement.

Cont.....

EXHIBIT O-1

Mole Richardson have developed a competitive hydraulic system which has been previously patented under the trade name HYDRA-FLY and I am sure they have not consulted you or Bill Cruse about this developement and while holding a trading agreement for HYDRA-FLOAT it would be considered unethical.

The system was proposed by Mick Barnett last year, both Colin and I felt it was not very original, being in principle similar to hydraulic systems manufactured in Germany.

We had little intention of proceeding with the idea and it was only when Mr. Moffat took over as General Manager, was there an instruction for patents to be investigated and a prototype manufactured.

To the date we resigned, no prototype had been made but we were left in no doubt, this would be exercised. I also believe they are not perturbed. HYDRA-FLOAT is not selling, because primery costings indicate HYDRA-FLY will be considerably cheaper and therefore after prototype tests have been proved, the intention was to offer HYDRA-FLY as an alternative offer noting its economy.

I will get a copy of the patent documents and send them for your attention allowing your attorney the opportunity to investigate whether an infringement has been made by Mole Richardson's actions. If so I would be delighted to assist in any way to ensure conclusion in your favour.

I cannot think of any additional infringement likely to assist you terminating the agreement, we personally have the greatest confidence in HYDRA-FLOAT, I also believe the high costs quoted against enquiries by Mole Richardson have stunted the sales of systems, therefore, if you succeed in terminating the present agreement, we would be delighted to represent HYDRA-FLOAT based on the terms agreed by Moles. We can guarantee to tackle the cost question with the fullest co-operation with American companies, import, if necessary the complete flexible cable cylinders in an effort to get the costs to a level commercially viable to many potential users.

Please Ralph, do not trust the present management at Moles. Do not offer any assistance of parts from America as suggested during our telephone conversation untill you are certain you can not win termination of the agreement and please, if you visit London later this month, contact me at

Cont.....

EXHIBIT O-2

home, it being my pleasure to meet your flight and discuss in full my hopes for the future.

My kindest regards.

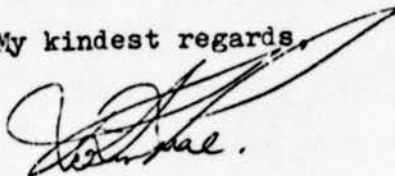
A handwritten signature in dark ink, appearing to be "J. H. Lee", written in a cursive style with a long, sweeping flourish extending to the right.

EXHIBIT O-3

May 25, 1970

Mr. William M. Cruse  
Hydra Float Stage Systems, Inc.  
Suite 302  
1564 Broadway  
New York, New York 10036

Re: Case No. 106-F-1  
Patent Application in Great Britain  
Corres. to U.S. Serial No. 790,263  
Filed January 10, 1969  
THEATER STAGE SET CONTROL SYSTEM

Dear Bill:

Pursuant to Mr. Alswang's instructions, I have today arranged for the filing in Great Britain of an application corresponding to the above. The later application (my Case No. 130) is safe for another six months. I will be arranging for filing under that case also within the time we have. I have also written Mr. Thieman as requested, copy enclosed, and will respond to the letter from Mole-Richardson on your behalf after I have been advised that the British application is on file.

Reviewing the assignment to Messrs. Tancredi and Madrigal, and your license agreement with Hydra Float, it appears that the foreign rights have not been disposed of. Moreover, there has been no assignment as yet of any rights relating to your second application (Case 130), and if it is your intent that Hydra Float have the rights to file abroad on those inventions, I would recommend that you formally assign such rights to them. Such an assignment is a simple matter and I can easily take care of it if that is your wish.

Meanwhile, I need to know the correct legal name of the corporation, and the state of incorporation. I will keep you advised of further developments in this matter.

Very truly yours,

Henry M. Bissell

HMB:erl

\* Enclosure

EXHIBIT P

ASSIGNMENT

In consideration of One (\$1.00) Dollar, and for other good and valuable consideration, receipt of which is hereby acknowledged, I, WILLIAM M. CRUSE, of 1564 Broadway, Suite 302, New York, New York 10036, assign to HYDRA FLOAT STAGE SYSTEMS, INC. all rights throughout the world exclusive of the United States to the inventions constituting the subject matter of United States patent applications identified below:

Patent Application Serial No. 790,263  
Filed January 10, 1969  
For THEATER STAGE SET CONTROL SYSTEM

Patent Application Serial No. 886,222  
Filed December 18, 1969  
For STAGE CONTROL SYSTEM

together with the right to file patent applications corresponding thereto in countries foreign to the United States, but in no wise do I grant by this assignment any rights under or pertaining to said United States patent applications or any patents to issue thereon.

I further specifically assign/all rights to that particular British patent application identified as Serial No. 26099/70, filed in Great Britain on or about May 29, 1970.

Dated: September 16, 1970

15/  
William M. Cruse

AFFIDAVIT OF WILLIAM M. CRUSE

STATE OF CALIFORNIA        )  
                                  ) ss.  
COUNTY OF LOS ANGELES    )

I, William M. Cruse, being duly sworn, depose and say that:

I am a resident of Los Angeles, California, am the defendant William Cruse named in an Action filed in the Superior Court at Bridgeport, County of Fairfield, State of Connecticut under No. 147243 entitled RALPH ALSWANG vs. HYDRA-FLOAT STAGE SYSTEMS CORP. and WILLIAM CRUSE, and am the plaintiff named in Action No. B-715 in the United States District Court for the District of Connecticut, entitled WILLIAM M. CRUSE vs. RALPH ALSWANG, HYDRA-FLOAT STAGE SYSTEMS CORP. and THEATER PLANNING ASSOCIATES, INC.;

I am the Secretary and Vice-President of said Hydra-Float Stage Systems Corp. and am a director and 50% stockholder of said corporation. To my knowledge, Ralph Alswang and I are the only two stockholders of the corporation;

I am the inventor and applicant of the patents and patent application in suit in the above-identified Federal Court Action, namely United States patents 3,558,102 and 3,697,047, and application No. 281,631 presently pending before the United States Patent Office. I have assigned an undivided one-third interest in these patents to Louis Tancredi and Ernest Madrigal (see attached Exhibits A and B which constitute copies of these assignments) and I have executed license agreements to Hydra-Float covering these patents (see attached Exhibits C and D which constitute copies of such license agreements). Said Madrigal and Tancredi have been and are the owners of an undivided one-third interest each in the patents in suit.

1 There are no other owners of any interest in these patents.  
2 I never assigned any rights in the U.S. patents to Hydra-Float,  
3 the extent of my grant of interest in same to Hydra-Float  
4 being the exclusive licenses of Exhibits C and D. I have  
5 assigned to Hydra-Float rights throughout the world exclusive  
6 of the United States to inventions corresponding to said United  
7 States patents as evidenced by the attached Exhibit E, which  
8 is a copy of such assignment agreement.

9 Mr. Henry M. Bissell, who is presently representing me  
10 in the above-mentioned Federal Action, has been my patent attorney  
11 since November, 1968. When I joined Mr. Alswang in New York  
12 in the spring of 1969 in the business which ultimately became  
13 Hydra-Float Stage Systems Corp., I asked Mr. Bissell to act on  
14 behalf of the corporation in the filing of a number of foreign  
15 patent applications corresponding to my above-mentioned United  
16 States patent applications. This was done after full disclosure  
17 to Mr. Alswang and with his approval. These foreign applications  
18 were put in the name of the corporation as applicant because  
19 Mr. Alswang and I agreed that the corporation would pay all  
20 of the expenses attendant thereto. At my request and with  
21 Mr. Alswang's approval, Mr. Bissell has acted on behalf of  
22 the corporation in matters peripherally relating to the foreign  
23 patent position of the corporation. However, to my knowledge,  
24 Mr. Bissell has never acted for the corporation in any matter  
25 which did not relate to the foreign patent position of Hydra-  
26 Float. The foreign patents owned by Hydra-Float and their  
27 agreements with any third parties, such as the Mole-Richardson  
28 Company of England, I consider to be an asset of Hydra-Float  
29 and I make no claim, nor have I ever made any, against Hydra-  
30 Float with respect to such assets;

31 When I joined Mr. Alswang in the Hydra-Float business,  
32 he became aware of my patent rights under the first-mentioned

1 United States patent application. I made him aware of my assign-  
2 ment of an undivided one-third interest each in said application  
3 to Mr. Madrigal and Mr. Tancredi. He was aware that Mr. Bissell  
4 was acting for me and not for him or for Hydra-Float in the  
5 preparation of agreements granting licenses to Hydra-Float under  
6 my United States patent applications, and he agreed that  
7 Hydra-Float would pay Mr. Bissell for the preparation of such  
8 agreements;

9 In my above-mentioned Federal Court Action, I am in  
10 actuality asserting claims against Mr. Alswang and endeavoring  
11 to protect myself and Hydra-Float against Alswang's wrongful  
12 activities in which he has damaged Hydra-Float in a substantial  
13 amount. Some of these activities I believe constitute actual  
14 crimes and in one such instance of which I became aware I was  
15 able to force Alswang to return to the contractor, J.A. Jones  
16 Construction Company, an illegal payment of \$54,000.00 to Hydra-  
17 Float Stage Systems Corp. for work which had not been and was  
18 not to be performed, and which had resulted in a change order  
19 increasing the cost of the contract by \$60,000.00. Attached  
20 hereto as Exhibits F, G and H are copies of documents pertaining  
21 to this transaction including the sub-contract change order of  
22 Jones Contruction Company, an invoice of McDowell & Associates  
23 pertaining to the non-existent work, and a letter of August 10,  
24 1971 to Mr. Alswang from O.E. Spencer of the Jones Construction  
25 Company, respectively. If I cannot continue this litigation  
26 through Mr. Bissell's representation there will never be any  
27 recovery by myself or Hydra-Float for wrongs of Mr. Alswang  
28 such as this;

29 I have examined a copy of the Defendants' Motion and  
30 attached Exhibits in the above-mentioned Federal Court Action  
31 and, until that was shown to me on or about July 25, 1973 by  
32 my counsel, Mr. Bissell, I had never seen the original or any

1 copy of Exhibit 1 of the Alswang affidavit which purports to be  
2 an assignment of my U.S. patent rights to Hydra-Float. I believe  
3 that document to be spurious and I do not believe that my  
4 genuine signature appears thereon. I have been informed by my  
5 counsel that so far efforts to obtain the original of that  
6 exhibit for examination of the signature to determine authenticity  
7 have been unavailing;

8 With respect to Exhibit 18 of the Alswang affidavit,  
9 certain of the statements therein were exaggerations of my  
10 position, made for the purpose of certain negotiations with  
11 the J.A. Jones Construction Company. Mr. Bissell does not own and  
12 never has owned any interest in any of my patents or applications  
13 which are involved in the above-mentioned Federal Court Action;

14 My only chance of pursuing the above-mentioned  
15 litigation against Mr. Alswang is through the continued representa-  
16 tion of Mr. Bissell. He has been my patent attorney since  
17 November, 1968 to the present time and has extended me credit  
18 in connection with the payment of his services when I could  
19 not pay for them immediately or in advance. I am presently  
20 indebted to him in excess of \$3,000.00 for services rendered  
21 in connection with this litigation and prosecution of my patent  
22 applications and I know of no way in which I might make arrangements  
23 with any other attorney to continue the litigation if Mr.  
24 Bissell is forced off the case.

25 William M. Cruse  
26 William M. Cruse  
27

28 Subscribed and sworn to before me this 27th day of  
29 August, 1973.

30 Henry M. Bissell  
31 Notary Public  
32



EXHIBIT A - See App. 51  
EXHIBIT B - See App. 61  
EXHIBIT C - See App. 52-56  
EXHIBIT D - See App. 62-66

ASSIGNMENT

In consideration of One (\$1.00) Dollar, and for other good and valuable consideration, receipt of which is hereby acknowledged, I, WILLIAM M. CRUSE, of 1564 Broadway, Suite 302, New York, New York 10036, assign to HYDRA FLOAT STAGE SYSTEMS, INC. all rights throughout the world exclusive of the United States to the inventions constituting the subject matter of United States patent applications identified below:

Patent Application Serial No. 790,263  
Filed January 10, 1969  
For THEATER STAGE SET CONTROL SYSTEM

Patent Application Serial No. 886,222  
Filed December 18, 1969  
For STAGE CONTROL SYSTEM

together with the right to file patent applications corresponding thereto in countries foreign to the United States, but in no wise do I grant by this assignment any rights under or pertaining to said United States patent applications or any patents to issue thereon.

I further specifically assign/all rights to that particular British patent application identified as Serial No. 26099/70, filed in Great Britain on or about May 29, 1970.

Dated: September 16, 1970

W M Cruse  
William M. Cruse

CHANGE IN ~~FORNEX~~ ~~DEVELOPMENT~~ SUBCONTRACT

to Hydra Float Stage Systems  
295 North Avenue  
Westport, Connecticut 06880

REPLY TO: Post Office Box 52946  
New Orleans, Louisiana 70154

REFERENCE ~~XXXXXXXXXXXX~~ NOTED ABOVE FOR:

CHANGE NO. 1

PROJECT Cultural Center Building II

TO ~~XXXXXXXXXXXX~~ NO. 23-70-24-14

LOCATION New Orleans, Louisiana

DATE July 26, 1971

PLEASE MAKE THE FOLLOWING CHANGES ONLY IN THIS PURCHASE ORDER:

QUANTITY	UNIT	ARTICLE	UNIT PRICE	TOTAL PRICE	REMARKS
TOTAL CONTRACT PRICE PRIOR TO THIS CHANGE NO. 1				\$ 304,500.00	
		For Escalation in Labor and Material on the Stage Systems Components. <u>ADD</u>		60,000.00	
TOTAL ADJUSTED CONTRACT PRICE INCLUDING THIS CHANGE NO. 1				\$ 364,500.00	

CHANGES AS NOTED ACCEPTED

HYDRA FLOAT STAGE SYSTEMS

J. A. JONES CONSTRUCTION COMPANY

BY                     

O. E. SPENCER, Vice President

DATE                     

EXHIBIT F

# McDOWELL & ASSOCIATES

P. O. Box 1021  
SAVANNAH, GEORGIA 31402  
Phone 355-6672

SOLD TO

Hydra Float Systems  
Palace Theatre  
New York, New York

SHIPPED TO

Cultural Center  
New Orleans, Louisiana

SHIPPED FROM

F. O. B.

Invoice Date July 31, 1971  
Invoice No. 731-1  
Our Order No.  
Customer's No. Subcontract  
Date Shipped  
Terms Net  
Freight  
Routing

No. of Items	No. of Pieces	DESCRIPTION	Unit Price	AMOUNT
		Furnish and Install Smoke Vent Sound Traps.		
		Completed to Date - 100%		\$ 60,000.00
		Less: 10% Retainage		<u>6,000.00</u>
		AMOUNT DUE THIS INVOICE		<u>\$ 54,000.00</u>

All Claims must be made within Five Days after receipt of material.  
Any state or local tax is for account of Buyer, and not included in price.  
Seller represents that with respect to the production of the articles and/or the performance of the services covered by this invoice, it has fully complied with Section 12 (a) of the Fair Labor Standards Act of 1938, as amended.

EXHIBIT G

# J. A. JONES CONSTRUCTION COMPANY

O. E. SPENCER, MANAGER  
NEW ORLEANS OFFICE

CONTRACTORS



ENGINEERS

TELEPHONE  
524-1861

P. O. BOX 52946 • 1820 ST. CHARLES AVE.

NEW ORLEANS, LOUISIANA 70150

August 10, 1971

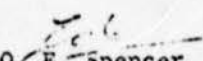
Mr. Ralph Alswang  
Hydra Float Stage Systems  
1564 Broadway  
New York, New York 10036

Dear Ralph:

Enclosed herewith are copies of Purchase Order for McDowell and Associates which I would appreciate your handling for me. This will be of much benefit to me since McDowell does not have the necessary State licenses.

All costs incurred in this transaction will be reimbursed.

Very truly yours,

  
O. E. Spencer

OES:mld

EXHIBIT H

UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT

WILLIAM M. CRUSE,

Plaintiff,

vs.

RALPH ALSWANG, HYDRA-FLOAT STAGE  
SYSTEMS CORP., a Connecticut  
Corporation, and THEATER PLANNING  
ASSOCIATES, INC., a Connecticut  
Corporation,

Defendants.

CIVIL ACTION NO. B-175

AFFIDAVIT

RALPH ALSWANG, being first duly sworn, deposes and  
says:

1. I am the defendant in the above entitled action and  
a principal officer of the defendants, Hydra-Float Stage Systems,  
Corp. and Theater Planning Associates, Inc., and submit this  
affidavit in reply to the affidavit of Henry M. Bissell, dated  
August 27, 1973, submitted in opposition to defendants' Motion  
To Disqualify. The within action, filed on February 16, 1973,  
seeks monetary damages and injunctive relief for breach of con-  
tract, patent infringement, breach of fiduciary obligation and  
fraud, and requests declaratory relief, an accounting, the  
appointment of a receiver and a declaration of a constructive  
trust.

2. Mr. Bissell states in the first paragraph of Page 3  
of his affidavit that when he prepared the agreement between  
Hydra-Float Stage Systems, Inc. and the plaintiff, he solely

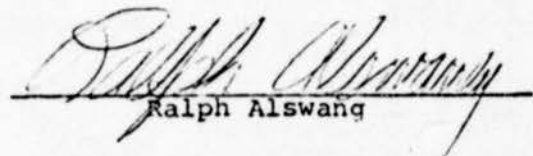
represented the plaintiff and not Hydra-Float or me, although he alleges I agreed that Hydra-Float would pay the legal fees pertaining to the preparation of the agreement. It was my understanding that Mr. Bissell was preparing a document reflecting the interests of both Mr. Cruse and myself which would benefit the partnership and under these circumstances, I believed he was acting as counsel for all parties.

3. As regards Mr. Bissell's denial that he owns a part of the subject patent, my information is solely based on the statement in the letter of Mr. William Cruse, a copy of which was annexed to my original motion, and the letter speaks for itself.

4. On Page 4 of said affidavit, Mr. Bissell states that I was aware of and acquiesced in his representation of Mr. Cruse. I did know that Mr. Bissell had acted on behalf of Mr. Cruse in the past and was familiar with the patents in this case. Under those circumstances, I agreed that Mr. Bissell was the logical attorney to continue his representation of the various companies and myself as regards preparation of agreements concerning these patents. In fact, Mr. Bissell on Page 7 alleges that it is customary for arrangements of this nature to exist in the practice of patent law wherein the patent attorney represents both the individual inventor and the corporation or other assignee or licensee with the latter undertaking to pay for the costs of patent prosecution. I had no objection to these circumstances until Mr. Bissell, who was acting as the companies' attorney and my attorney determined that he should sue us concerning transactions over which he had gained a superior knowledge as a result of representing the companies and me at the companies' expense.

5. Mr. Bissell apparently does not see any reason why he might be a witness in these proceedings. The fact is that he was aware of most of the facts and circumstances which has given rise to the disputes herein, he is aware of the intention of the parties in preparing the various documents for their mutual benefit and he would be a witness concerning the interpretation of agreements as well the intent of the parties. I have been advised by my attorney that Mr. Bissell's testimony would be available by way of deposition in the event he refused to appear for trial.

6. Mr. Bissell tries to make everything very complex concerning this issue, whereas it would appear to be rather simple. Under the circumstances, I feel that a hearing, wherein Mr. Bissell testimony and mine on this subject, would make clear that Mr. Bissell in his present capacity, has a definite conflict of interest in prosecuting this case and therefore I request such a hearing.

  
Ralph Alswang

Subscribed and sworn to before me this 5th day of  
September, 1973.

/s/ Richard L. Albrecht  
Richard L. Albrecht  
Commissioner of the Superior Court

1 UNITED STATES DISTRICT COURT  
2 DISTRICT OF CONNECTICUT  
3  
4

5 WILLIAM M. CRUSE,  
6 Plaintiff,  
7 v.

CIVIL ACTION NO. B-175

8 RALPH ALSWANG, HYDRA-FLOAT  
9 STAGE SYSTEMS CORP., a  
10 Connecticut Corporation, and  
11 THEATER PLANNING ASSOCIATES,  
12 INC., a Connecticut Corporation,  
13 Defendants.

AFFIDAVIT  
OF  
HENRY M. BISSELL

14 STATE OF CALIFORNIA )  
15 COUNTY OF LOS ANGELES ) ss.  
16

17 I, HENRY M. BISSELL, being duly sworn depose and say  
18 that:

19 I am the attorney for plaintiff in the above-entitled  
20 action;

21 I have reviewed the affidavit of Ralph Alswang sub-  
22 mitted in conjunction with Defendants' Reply Memorandum on  
23 Defendants' Motion to Disqualify and I submit this affidavit to  
24 refute certain statements contained therein;

25 Paragraph 2 of the Alswang affidavit is erroneous and  
26 inaccurate in that:

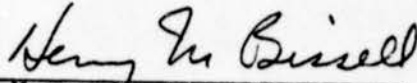
27 (a) the agreement mentioned was between Hydra-Float  
28 Stage Systems, an unspecified entity doing business under a  
29 fictitious name but NOT a corporation;

30 (b) I did NOT claim an agreement with Alswang regard-  
31 ing the payment of fees but rather that Cruse told me Alswang  
32 would pay the fees for the License Agreement;

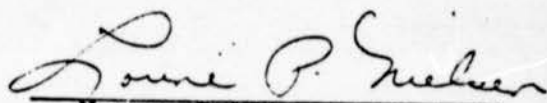
1 (c) I have never represented Mr. Alswang in any way  
2 or under any circumstances. My representation has from the  
3 outset and throughout been of Mr. Cruse and in his interest.  
4 The limited representation of Hydra-Float Stage Systems Corp.  
5 was in line with such representation and only in matters where  
6 the interests of Cruse and Hydra-Float coincided. In those  
7 matters, which now consist solely in the prosecution and main-  
8 tenance of foreign patent cases in the name of Hydra-Float  
9 and as an asset of said corporation, there is no issue or con-  
10 test between Cruse and the Corporation.

11 I never met Mr. Alswang until September, 1970. I  
12 never even spoke with him by telephone until long after I  
13 drafted the License Agreement (Exhibit B of my Affidavit of  
14 August 27, 1973) in July, 1969. In all matters where there  
15 was any difference between Mr. Cruse and Hydra-Float or Mr.  
16 Alswang, I have acted conscientiously and solely for Mr. Cruse.

17 Insofar as I can determine, any testimony I might  
18 be able to give would be inadmissible as privileged communica-  
19 tions with my client and not even subject to the taking in a  
20 deposition as protected under the attorney/client privilege  
21 and would also be subject to exclusion as hearsay evidence.

22  
23   
24 Henry M. Bissell

25  
26 Subscribed and sworn to before me this 19th day of  
27 September 19, 1973.

28   
29 Lorine P. Nielsen  
30 Notary Public

31 (Seal)



1 UNITED STATES DISTRICT COURT  
2 DISTRICT OF CONNECTICUT  
3

4 WILLIAM M. CRUSE,

5 Plaintiff,

6 v.

7 RALPH ALSWANG, HYDRA-FLOAT  
8 STAGE SYSTEMS CORP., a  
9 Connecticut Corporation, and  
10 THEATER PLANNING ASSOCIATES,  
11 INC., a Connecticut  
12 Corporation,  
13 Defendants.

CIVIL ACTION NO. B-175

SUPPLEMENTAL AFFIDAVIT

OF

HENRY M. BISSELL  
RE MOTION TO DISQUALIFY

13 STATE OF CALIFORNIA )

14 COUNTY OF LOS ANGELES )

ss.

15  
16  
17 I, HENRY M. BISSELL, being duly sworn, depose and say  
18 that:

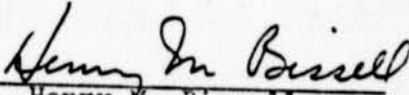
19 I am a member in good standing of the Bars of the  
20 State of California and The District of Columbia, having  
21 offices in Los Angeles, California, and I am attorney for  
22 the plaintiff Cruse in the above-entitled action.

23 I have reviewed an Affidavit of Ralph Alswang sub-  
24 mitted in the above-entitled matter in which appears the state-  
25 ment that "Mr. Bissell...was acting as the companies' attorney  
26 and my attorney...".

27 I have no idea on what basis the statement is made,  
28 but I have never represented Mr. Alswang in any way or under  
29 any circumstances. Neither have I represented any of the  
30 "companies" with which Mr. Alswang has been involved except  
31 Hydra-Float Stage Systems Corp. These "companies" which I am  
32 aware of are Hydrafloater Stage Systems (predecessor of the

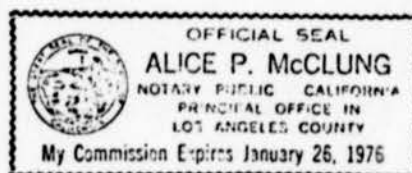
1 defendant Hydra-Float Stage Systems Corp.), Theater Planning  
2 Associates, and the defendant Theater Planning Associates, Inc.  
3 I have never represented any of these "companies" in any way or  
4 under any circumstances. My representation has from the out-  
5 set and throughout been of Mr. Cruse and in his interest. The  
6 limited representation of Hydra-Stage Systems Corp. was in  
7 line with my representation of Mr. Cruse and was only in matters  
8 where the interests of Cruse and Hydra-Float coincided. In  
9 those matters, which now consist solely in the prosecution  
10 and maintenance of foreign patent cases in the name of Hydra-  
11 Float and as an asset of said corporation, there is no issue  
12 or contest between Cruse and the corporation.

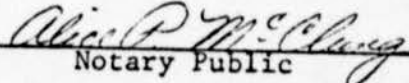
13 I never met Mr. Alswang until September, 1970. I  
14 never even spoke with him by telephone until long after I  
15 drafted the License Agreement (Exhibit B of my Affidavit of  
16 August 27, 1973) in July, 1969. In all matters where there was  
17 any difference between Mr. Cruse and Hydra-Float or Mr. Alswang,  
18 I have acted conscientiously and solely for Mr. Cruse.

19  
20   
21 Henry M. Bissell  
22

23  
24 Subscribed and sworn to before me this 25th day  
25 of September, 1973.

26  
27 (Seal)



28   
29 Notary Public  
30  
31  
32

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Affidavit of HENRY M. BISSELL has been mailed today by First Class Mail, postage prepaid, to Richard L. Albrecht, Esquire, Cohen and Wolf, 955 Main Street, Bridgeport, Connecticut 06604; and to Jack Stock, Esquire, Senk, Stock, LaChance, Karazin and Thiemann, 136 Main Street, Westport, Connecticut 06880.

Melvin I. Stoltz  
Mattern, Ware and Davis  
855 Main Street  
Bridgeport, Connecticut 06604

October 1, 1973

1 UNITED STATES DISTRICT COURT  
2 DISTRICT OF CONNECTICUT  
3

4 WILLIAM M. CRUSE,

5 Plaintiff,

6 v.

7 RALPH ALSWANG, HYDRA-FLOAT  
8 STAGE SYSTEMS CORP., a  
9 Connecticut Corporation, and  
10 THEATER PLANNING ASSOCIATES,  
11 INC., a Connecticut Corpora-  
12 tion,

Defendants.

CIVIL ACTION NO. B-175

SUPPLEMENTAL AFFIDAVIT  
OF  
WILLIAM M. CRUSE  
RE MOTION TO DISQUALIFY

13 STATE OF CALIFORNIA

14 COUNTY OF LOS ANGELES

) ss.  
)

15  
16 I, WILLIAM M. CRUSE, being duly sworn, depose and  
17 say that:

18 I am the plaintiff in the above-identified action and  
19 I submit this application to set forth certain facts within  
20 my personal knowledge regarding the representation of Mr. Ralph  
21 Alswang by counsel during the period from early 1969 to mid-  
22 1972 when I was associated with Mr. Alswang.

23 At all times of which I am aware, Mr. Alswang was  
24 personally represented by counsel of the firm of Senie, Stock &  
25 LaChance of Westport, Connecticut.

26 In about February or March, 1970, Mr. Alswang told  
27 me that Mr. Senie was a long time personal friend of his and had  
28 represented Mr. Alswang for many years on various personal mat-  
29 ters, including matters concerning his personal real estate loc-  
30 ated in St. Croix in the Virgin Islands, and his home in Connec-  
31 ticut.

32 -----

1           It was on this basis that Mr. Alswang told me that  
2 the Senie firm should handle the incorporation of Hydra-Float  
3 Stage Systems Corp., and they did so in March, 1970. I have seen an  
4 invoice of the firm of Senie, Stock & LaChance setting forth  
5 the charges for this incorporation in the amount of \$600 or  
6 \$700.

7           In about May or June, 1971, a matter arose involving  
8 Mr. Alswang and Hydra-Float Stage Systems Corp., and I received  
9 a phone call from Mr. Senie inviting me to visit his office in  
10 Bridgeport to talk the matter over. The matter concerned my  
11 objections to a proposal by Mr. Alswang that the corporation  
12 pay \$14,000 to one Johnny Higgins as an inducement for the award  
13 of a contract to Hydra-Float Stage Systems Corp. in the amount  
14 of approximately \$280,000 for the scenery hoist system in  
15 the Minskoff Theater, then being constructed at 44th and Broadway  
16 in New York City. Mr. Higgins was the technical director  
17 of Albert W. Felden, the principal in the theater. I contacted  
18 an attorney in New York named Mr. Wincore who drafted a resolution  
19 to the effect that the policy of the Hydra-Float Stage Systems  
20 Corp. was that there would be no "extraordinary" payments  
21 to further the sales of the corporation. That resolution was  
22 signed by Mr. Alswang and placed in the Minute Book of the  
23 corporation. It was after I had contacted Mr. Wincore on  
24 this matter that I had received the aforementioned phone call  
25 from Mr. Senie who was contacting me on behalf of Mr. Alswang.

26           The matter of extraordinary payments arose again in  
27 about July, 1971 when I happened to discover an arrangement by  
28 which Mr. Alswang conspired with one O.E. Spencer, vice-president  
29 of J.A. Jones Construction Company, general contractor for the  
30 New Orleans Cultural Center, to arrange for an escalation of the  
31 contract price by an amount of \$60,000 in the sub-contract to  
32 Hydra-Float Stage Systems Corp. This escalation represented a

1 charge by McDowell & Associates of Savannah, Georgia to Hydra-  
2 Float Stage Systems Corp. in the amount of \$60,000 for work which  
3 was never performed. In this connection, Mr. Alswang received  
4 a check in the amount of \$54,000 (the \$60,000 charge less 10%  
5 retainage) which was payable to Hydra-Float Stage Systems Corp.  
6 Mr. Alswang endorsed the check in the name of Hydra-Float Stage  
7 Systems Corp. and delivered it to McDowell & Associates. I found  
8 out about this shortly afterward and contacted the firm of  
9 Rosenbluth & Rosenbluth as legal counsel. As a result of their  
10 efforts, Mr. Alswang was persuaded that the money should be re-  
11 turned and in December, 1971, he finally provided me with a  
12 cashier's check for \$54,000 which I delivered to the J.A. Jones  
13 Construction Company. During the period that the firm of Rosen-  
14 bluth & Rosenbluth was providing legal counsel in this matter,  
15 I received a letter from Mr. Senie on behalf of Mr. Alswang, again  
16 offering to discuss the matter to arrive at some amicable settle-  
17 ment.

18 In Febraury, 1972, I gave notice in writing to Mr.  
19 Alswang and Hydra-Float Stage Systems Corp. of the termination  
20 of the license agreements under the patents in suit. Shortly  
21 thereafter I received a letter from the firm of Senie, Stock &  
22 LaChance on behalf of Mr. Alswang and Hydra-Float Stage Systems  
23 Corp. contending that my notice of revocation was premature and  
24 ineffective.

25 In August, 1972, I was served in an action entitled  
26 "Ralph Alswang vs. Hydra-Float Stage Systems Corp. and William  
27 Cruse", filed in the Superior Court at Bridgeport in the County  
28 of Fairfield, State of Connecticut, in which the firm of Senie,  
29 Stock & LaChance was listed as attorneys for the plaintiff  
30 Ralph Alswang.

31 Insofar as I am aware, neither Mr. Alswang nor Hydra-  
32 float Stage Systems, the predecessor to Hydra-Float Stage Systems

1 Corp., nor Theater Planning Associates nor Planning Associates, Inc.  
2 has ever been represented in any way by Mr. Henry M. Bissell.  
3 Mr. Bissell has been my attorney in patent and related matters  
4 since November, 1968 and has only represented Hydra-Float Stage  
5 Systems Corp. with my consent and approval in matters pertaining  
6 to foreign patents and patent applications. The foreign patent  
7 rights of Hydra-Float Stage Systems Corp. are not in issue in the  
8 instant litigation.

9 William M. Cruse  
10 William M. Cruse

11  
12 Subscribed and sworn to before me this 25th day  
13 of September, 1973.



Henry M. Bissell  
Henry M. Bissell  
Notary Public

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Affidavit of WILLIAM M. CRUSE has been mailed today by First Class Mail, postage prepaid, to Richard L. Albrecht, Esquire, Cohen and Wolf, 955 Main Street, Bridgeport, Connecticut 06604; and to Jack Stock, Esquire, Sené, Stock, LaChance, Karazin and Thiemann, 136 Main Street, Westport, Connecticut 06880.

---

Melvin I. Stoltz  
Mattern, Ware and Davis  
855 Main Street  
Bridgeport, Connecticut 06604

October 1, 1973

UNITED STATES DISTRICT COURT

WILLIAM M. CRUSE, )  
)  
Plaintiff, ) CIVIL ACTION NO. B-175  
)  
VS. )  
)  
)  
RALPH ALSWANG, HYDRA-FLOAT ) AFFIDAVIT  
STAGE SYSTEMS CORP., a )  
Connecticut Corporation, and ) OF  
THEATER PLANNING ASSOCIATES, )  
INC., a Connecticut Corporation, ) JACK STOCK  
)  
Defendants. )

STATE OF CONNECTICUT )  
 ) SS: Westport,  
COUNTY OF FAIRFIELD )

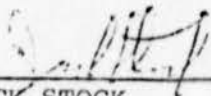
I, JACK STOCK, being duly sworn, depose and say:

I am a member of the law firm of Senie, Stock, LaChance,  
Karazin & Thiemann.

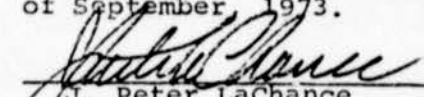
I have been informed by Mr. Richard L. Albrecht that attorneys for the plaintiff herein claim that my law firm represented the defendant herein as regards the negotiations between the plaintiff and defendants resulting in executed agreements concerning licenses, patents and claims that are the subject matter of the instant law suit.

I have reviewed the records of this firm and have spoken to the members of this firm and represent that this firm did not represent the defendants in any of the aforementioned matters except in assisting Messrs. Cruse and Alswang in forming the corporation known as Hydra-Float Stage Systems Corp., and as

to that task, we were guided by the advice of Mr. Henry M. Bissell and performed therein only the function of scrivener. We also were instructed to, and we did, prepare an Assignment of Partnership Interest in Hydra-Float Stage Systems Corp., dated April 2, 1970, which Assignment appears as Exhibit 2 annexed to the Affidavit of Alswang in support of his counsel's Motion to Disqualify.

  
\_\_\_\_\_  
JACK STOCK  
of  
SENIE, STOCK, LA CHANCE,  
KARAZIN & THIEMANN

Subscribed and Sworn to,  
before me, this 26 day  
of September, 1973.

  
\_\_\_\_\_  
J. Peter LaChance  
Commissioner of the Superior Court

CERTIFICATION

This is to certify that a copy of the foregoing has been mailed, postage prepaid, to all counsel of record.

  
\_\_\_\_\_  
RICHARD L. ALBRECHT

MICROFILM

NOV 13 1973  
NEW HAVEN

UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT

WILLIAM M. CRUSE

V.

RALPH ALSWANG, ET AL

:

:

:

CIVIL NO. B-715

RULING ON DEFENDANTS'  
MOTION TO DISQUALIFY

Defendants move to disqualify plaintiff's attorney, Henry Bissell, from participating in this civil suit, or making available any of his files concerning the subject matter of the case, on grounds that Bissell has acted as attorney for one of the defendants, Hydra-Float Systems, Inc. (hereafter "Hydra-Float"), and therefore is a party of interest. The suit alleges breach of contract, infringement, breach of fiduciary duty, and seeks declaratory and injunctive relief.

Resolution of the motion does not require full revelation of the facts that preceded the suit. The gist of plaintiff's claim is that defendant Alswang consorted with other persons to divert revenues that would have otherwise properly accrued to Hydra-Float, a corporation in which plaintiff and Alswang each owned fifty percent of the stock. Plaintiff had invented and patented system for moving theater stage sets and scenery; he entered into an agreement providing that Hydra-Float

would sell the systems and pay him royalties at certain percentages of net selling prices.

Attorney Bissell provided legal services to both the plaintiff and Hydra-Float. Beginning in November, 1968, he represented plaintiff in all matters concerning the inventions, and he continued in that capacity after the formation of Hydra-Float in March, 1970, to the present time. His services to Hydra-Float - dating from the time of incorporation to January, 1973 - concerned primarily if not exclusively the Corporation's dealings with foreign customers and applications for foreign patents. Defendants do not claim that he represented either Alswang or defendant Theater Planning Associates Inc. (hereafter "Theater Planning") at any time, or that he should be disqualified from representing plaintiff in litigating claims against them.

The question raised by the motion is whether Bissell's previous representation of Hydra-Float should now disqualify him from representing plaintiff in a matter where the former client is alleged to be an adverse party. Defendants contend that Bissell, as attorney for Hydra-Float, had access to information that bears substantially on the present suit, resulting in a conflict of interest if he continues as plaintiff's attorney. Plaintiff argues that Bissell's access to information resulted from representation of him, not of Hydra-Float, and that his full disclosure of such representation to the second client resulted in waiver by Hydra-Float of

"any attorney-client relationship." (Plaintiff's Memorandum, at p. 5). In addition, plaintiff contends that the sole subject matter of Bissell's representation for Hydra-Float - foreign customers and patent applications - is not in issue here. Plaintiff also asks that any disqualification order be limited to Hydra-Float, and permit the claims against Alswang and Theater Planning to be severed.

Where an attorney represents a party suing a former client, the standard for assessing conflict of interest is quite properly a rigorous one. A strict standard is supported by important reasons of policy: the interest in promoting and protecting uninhibited confidential communication between attorney and client, and the need to inspire and maintain public confidence in the legal profession. United States v. Standard Oil Co., 136 F.Supp. 345, 355 (S.D. N.Y. 1955); Note, Disqualification of Attorneys for Representation of Interests Adverse to Former Clients, 64 Yale L. J. 917, 927-928 (1955). The test is "whether it can reasonably be said that in the course of the former representation the attorney might have acquired information related to the subject of his subsequent representation." T.C. Theater Corp. v. Warner Brothers Pictures, Inc., 113 F.Supp. 265, 269 (S.D. N.Y. 1953) (emphasis added). It is the appearance of conflict of interest - not merely the actuality - that the test seeks to prevent. Fleischer v. A.A.P. Inc., 164 F.Supp. 548, 553 (S.D. N.Y. 1958). Disqualification results from the position of the attorney in relation to the former client - the availability

of relevant information as a result of the relationship - not from actual disclosure by the client of confidential material. E.F. Hutton & Co. v. Brown, 305 F.Supp. 371, 393-95 (S.D. Tex. 1969); see also Consolidated Theaters Inc. v. Warner Brothers Circuit Management Corp., 216 F.2d 920, 925 (2d Cir. 1954).

Under the circumstances of this case, Bissell may have had access to information substantially related to the subject matter of this suit. Bissell's access to information, however, was the inevitable result of his representation of the plaintiff, irrespective of any services rendered to Hydra-Float. It may be, of course, that if he had ceased acting as plaintiff's attorney, he might have gained comparable access as a result of his relationship to Hydra-Float. Such speculation, however, should not be the basis for disqualification here.

The remedy sought by defendants would have little practical effect on this litigation. Since the claim of conflict of interest is made only with respect to Hydra-Float, Bissell would be free to continue representing the plaintiff in his actions against Alswang and Theater Planning. Even if he withdrew from representing plaintiff in his actions against the latter defendants, an order of this Court enjoining him from making available his files to counsel succeeding him would apply only to the suit against Hydra-Float. The same files and records could be made available in connection with

the claims against Alswang and Theater Planning, nullifying any practical effect. Plaintiff would also have the option of dropping Hydra-Float as a defendant.

Disqualifying Bissell under these circumstances would not serve the policy interests underlying the strict standard imposed upon the profession. There is no confidential information that would have been available to Hydra-Float or to Bissell as the Corporation's attorney that would not have been available to the plaintiff as fifty percent co-owner of the Corporation's stock. Information would not have been less freely conveyed by the Corporation to Bissell had adverse representation on behalf of plaintiff been anticipated, because Bissell would have had the same degree of access in his role as plaintiff's lawyer at the time. A decision against disqualification under the circumstances here therefore would not deter in any way the free flow of confidences between attorney and client generally. Nor would it detract from public confidence in the profession: no appearance of conflicting interests could arise on a complete understanding of the precise facts and interests involved.

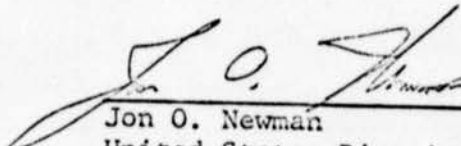
Significant among those facts is that Hydra-Float is really little more than a nominal defendant in this suit. In a pending state court action brought by Alswang against Cruse, Hydra-Float is aligned with Cruse as a defendant. Alswang has previously represented to this Court that the issues in the state court action and this action are the same.

Thus, since Alswang's state suit aligns Hydra-Float with Cruse on the same side of the same issues that Alswang alleges are involved in this suit, it is difficult to see how Alswang can complain that Bissell's representation of Cruse and Hydra-Float creates a conflict of interest. The essential dispute is between Cruse and Alswang, and Bissell's representation of Cruse is not alleged to create a conflict with respect to Alswang, whom he has not represented.

To the extent that defendants may succeed in showing at some later stage of the proceedings that Bissell received information as a result of representing Hydra-Float that would not otherwise have been available, grounds for disqualification may exist. Similarly, the question of whether he must be disqualified if he is called as a witness may also require resolution. These issues, however, do not require decision at this point.

Accordingly, defendants' motion is denied.

Dated at New Haven, Connecticut, this 13 day of November, 1973.

  
Jon O. Newman  
United States District Judge

UNITED STATES DISTRICT  
COURT

DISTRICT OF CONNECTICUT

WILLIAM M. CRUSE,

Plaintiff,

VS.

CIVIL ACTION NO. B <sup>175</sup>715

RALPH ALSWANG, HYDRA-FLOAT STAGE  
SYSTEMS CORP., a Connecticut  
corporation and THEATER PLANNING  
ASSOCIATES, INC., a Connecticut  
corporation,

Defendants.

NOTICE OF APPEAL

Notice is hereby given that Ralph Alswang, Hydra-Float Stage Systems Corp., a Connecticut corporation and Theater Planning Associates, Inc., a Connecticut corporation, the defendants, hereby appeal to the United States Court of Appeals for the Second Circuit, from the Ruling of United States District Judge, Jon O. Newman, denying defendants' motion for an order that Henry M. Bissell, attorney for the plaintiff, be disqualified as attorney for the plaintiff in this case; for an order that Henry M. Bissell shall not, at any time, directly or indirectly, or whether as attorney of record or not, represent counsel or advise the plaintiff, William M. Cruse, in connection with the subject case; and for an order directing Henry M. Bissell be enjoined from making available to the plaintiff or other counsel for the plaintiff, any part of his files which contain information about the subject matter of this case, entered in this action on the 13th day of November, 1973.

COHEN AND WOLF  
ATTORNEYS AT LAW  
10 MIDDLE STREET  
BRIDGEPORT, CONN. 06604

*Richard L. Albrecht*  
RICHARD L. ALBRECHT  
COHEN & WOLF  
Attorney for Appellant  
10 Middle Street  
Bridgeport, Connecticut 06604

STATE OF CONNECTICUT )  
 ) ss. BRIDGEPORT  
COUNTY OF FAIRFIELD )

Richard L. Albrecht, being first duly sworn, says: That affiant, whose address is 10 Middle Street, Bridgeport, Connecticut 06604, is a citizen of the United States, a resident of the county where the herein described mailing took place; over the age of 18 years and not a party to the above entitled action. That affiant served the attached NOTICE OF APPEAL on Plaintiff in said action, by placing a true copy thereof in an envelope addressed as follows: HENRY M. BISSELL, 6820 La Tijera Boulevard, Los Angeles, California 90045, sealed and deposited on the 12th day of December, 1973, in the United States mail at United States Post Office, 120 Middle Street, Bridgeport, Connecticut 06604, with postage fully prepaid thereon, and there is regular communication by mail between the place of mailing and the place so addressed; and by placing a true copy thereof in an envelope addressed as follows: MELVIN I. STOLTZ, Mattern, Ware and Davis, 855 Main Street, Bridgeport, Connecticut 06603, sealed and deposited on the 12th day of December, 1973, in the United States mail at United States Post Office, 120 Middle Street, Bridgeport, Connecticut 06604, with postage fully prepaid thereon, and there is regular communication by mail between the place of mailing and the place so addressed.

Subscribed and sworn to before me this 11th  
day of December , 19 73

Barbara A. Santacroce  
Notary Public in and for said County  
and State

Barbara A. Santacroce  
My Commission expires 4/1/78

Richard L. Albrecht